COMMITTEE PRINT

COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES

LEGISLATIVE HISTORY OF THE JOINT SELECT COMMITTEE ON BUDGET AND APPROPRIATIONS PROCESS REFORM

DECEMBER 19, 2018.—COMMITTED TO THE COMMITTEE OF THE WHOLE HOUSE ON THE STATE OF THE UNION AND ORDERED TO BE PRINTED
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COMMITTEE PRINT

LEGISLATIVE HISTORY OF THE JOINT SELECT COMMITTEE ON BUDGET AND APPROPRIATIONS PROCESS REFORM

DECEMBER 19, 2018.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed
INTRODUCTION

Dear Colleague:

In the Second Session of the 115th Congress, I was honored to Co-Chair the Joint Select Committee on Budget and Appropriations Process Reform. As members of the U.S. House of Representatives, Article I entrusts in each of us the power of the purse. This is an awesome responsibility that I, and I know each of you, take very seriously. We owe it to the American people to have a process that works, and that was the goal of the Joint Select Committee—to produce recommendations to reform the federal budget and appropriations process.

As you know, our Joint Select Committee produced a bipartisan, bicameral consensus package of reforms in advance of our statutory deadline of November 30, 2018. During our markup, amendments were subjected to a supermajority threshold to ensure those that passed reflected a true consensus of the panel. Some amendments passed unanimously. During the final debate on the bill, many members indicated that they had no objection to the package’s underlying reforms. However, the bill and report developed over many months of hard work failed to secure the necessary supermajority of votes to pass under our Joint Select Committee’s rules.

Despite the unfortunate outcome of the Joint Select Committee’s work, there is no refuting that the federal budget process is broken. It is vital that Congress continues these efforts to reform the budget and appropriations process this year, next year, and in the years beyond. I have assembled in this Budget Committee print all the relevant materials to this year’s work. I urge all members to review this information. In this Committee print, you will find:

- The report of the Joint Select Committee on Budget and Appropriations Process Reform;
- The Co-chair’s mark, as amended, and voted on, by the Joint Select Committee;
- The votes of the Joint Select Committee;
- Hearing transcripts of the Joint Select Committee’s five public hearings;
- Congressional Budget Office briefing materials prepared for the Joint Select Committee;
- Congressional Research Service briefing materials prepared for the Joint Select Committee;
• H.R. 7191—a bill introduced in the House by myself and Representative Yarmuth, a Joint Select Committee Member and Ranking Member of the House Budget Committee; and
• The press release to accompany the introduction of H.R. 7191.

It is my sincere hope that this important work will continue in the 116th Congress on a bipartisan and bicameral basis. I believe Members of Congress, Executive Branch officials, outside budget experts and academics, as well as engaged citizens, will find this material useful for future reform efforts.

I would like to thank the Members of the Joint Select Committee on Budget and Appropriations Process Reform, our hardworking staffs, particularly Dan Keniry, David Reich, and Mary Popadiuk, as well as the House Rules Committee staff, Bob Weinhagen and Tom Cassidy in the Office of Legislative Counsel, budget experts at the Congressional Research Service and the Congressional Budget Office—particularly Mark Hadley and Teri Gullo—and House Parliamentarian Tom Wickham and his office, for the year of dedication.

If you have any questions or would like additional information, please contact Dan Keniry, Staff Director of the House Budget Committee or Mary Popadiuk, General Counsel of the House Budget Committee at (202) 226–7270.

Steve Womack
Chairman
Committee on the Budget
REPORT OF THE JOINT SELECT COMMITTEE ON BUDGET AND APPROPRIATIONS PROCESS REFORM

SUMMARY

The Joint Select Committee on Budget and Appropriations Process Reform (JSCBAPR) was established by the Bipartisan Budget Act of 2018 (BBA 2018), Public Law 115–123, which was signed into law on February 9, 2018.\(^1\) The JSCBAPR was a bipartisan, bicameral panel tasked with considering and recommending legislative language to “significantly reform the budget and appropriations process.”\(^2\) The JSCBAPR consisted of 16 members, equally divided between the House and Senate. The Speaker of the House, the Senate Majority Leader, the House Minority Leader, and the Senate Minority Leader each appointed four members to the committee.\(^3\) House Budget Committee Chairman Steve Womack (AR–3) and House Appropriations Committee Ranking Member Nita Lowey (NY–17) served as co-chairs of this panel.

History

The Congressional Budget and Impoundment Control Act of 1974 (Budget Act) was enacted to establish an overall framework for the fairly decentralized process of making budget decisions in Congress—a process which involves numerous appropriations, authorizations, and revenue measures under the jurisdiction of various congressional committees and enacted on differing schedules. The Budget Act came five decades after centralization of Executive Branch budget decision making in what is now called the Office of Management and Budget (OMB).

In part, the Budget Act was a response to Executive Branch challenges to the primacy in budgetary matters that the Constitution grants to Congress, including President Nixon’s assertion of power to withhold spending of funds appropriated by Congress. Other factors include recognition of the growing complexity of the federal budget and concern over persistent budget deficits. The 92nd Congress created the Joint Study Committee on Budget Control, which called for procedural reforms to strengthen congressional budgeting. Following the actual impoundment of appropriated funds,
Congress acted on the recommendations of the Joint Study Committee and passed the Budget Act in 1974.

The Budget Act provides for annual enactment of congressional budget resolutions to help Congress make an overall budget plan and sets targets and limits for budget legislation to be considered during the year. It also established the Congressional Budget Office (CBO) to give Congress budget analysis capacity independent of the Executive Branch and created standing Committees on the Budget in the House and Senate to develop the annual budget resolutions and oversee the process.

Since that time, Congress has reviewed the budget process periodically and amended the Budget Act on several occasions, including in 1985 and 1990. More recently, concerns about delays and procedural breakdowns in the budget process triggered the creation of the JSCBAPR to assess the current congressional budget and appropriations process and recommend reforms.

 Procedures of the JSCBAPR

The deadline for the JSCBAPR to vote on recommendations, legislative language, and an accompanying report was November 30, 2018. Approval of the JSCBAPR proposed legislative and report language required the votes of a majority of the committee members appointed by the Speaker of the House and the Senate Majority Leader and a majority of the committee members appointed by the House Minority Leader and the Senate Minority Leader. This voting threshold was intended to ensure that the committee’s recommendations and report comprised bipartisan reforms.

Had the JSCBAPR approved the recommendations, the legislation and report would have been transmitted to the President, Vice President, the Speaker of the House of Representatives, and the Majority and Minority Leaders of each Chamber of Congress. The following would then have taken place:

In the House of Representatives, the legislation would have been introduced and considered under regular order.

In the Senate, the legislation would have been introduced on the next session day by the Majority Leader of the Senate or his designee. The bill would then have been referred to the Committee on the Budget, which would have been required to report the bill without any revision and with a favorable recommendation, with an unfavorable recommendation, or without recommendation no later than seven session days after the bill’s introduction. If the Committee on the Budget failed to report the bill within that period, the bill would have been automatically discharged from the committee and placed on the appropriate calendar. The BBA 2018 also made in order for any Senator to move to proceed to consideration of the bill two days after it was reported or discharged from the Committee on the Budget. Debate on the motion was limited to ten hours, and the support of three-fifths of the Senate was necessary to consider and approve the motion.
PURPOSE

There have been numerous breakdowns in the budget process in recent decades. Fiscal year 1995 was the last time Congress passed a conference report on the budget resolution followed by passage of thirteen separate appropriations bills before the beginning of the new fiscal year.\textsuperscript{10}

Continuing resolutions (CRs) have become the status quo for funding the Federal Government, demonstrating Congress’s failure to complete its work on time. CRs create uncertainty for agencies and the American people. In many years, there has been concern that parts of the government would have to shut down due to the failure to enact even stopgap appropriations, and shutdowns of various durations have actually occurred. In the 115th Congress alone, there have been two government shutdowns. Whether it is federal employees being furloughed, national parks shutting down, adverse effects on defense and law enforcement, shutdowns inflict severe damage and uncertainty on the nation’s fiscal state. Additionally, multiple JSCBAPR members expressed frustration regarding the lack of legislative tools available for Congress to address national needs or the national debt in a bipartisan manner.

COMMITTEE ACTION

The JSCBAPR held five public hearings, fulfilling the requirement set forth in the BBA 2018. In addition to these formal, open hearings, the JSCBAPR also held two closed briefings and multiple formal and informal meetings.

Hearings
April 17, 2018—Opportunities to Significantly Improve the Federal Budget Process

During this hearing, members considered the current challenges facing the budget and appropriations process in Congress and discussed possibilities for improvement. Witnesses included:

- Douglas Holtz-Eakin, Ph.D., President, American Action Forum
- Martha Coven, J.D., Lecturer and John L. Weinberg/Goldman Sachs & Co. Visiting Professor, Woodrow Wilson School of Public and International Affairs, Princeton University

May 9, 2018—Bipartisanship in Budgeting

During this hearing, members discussed ways to ensure that the budget and appropriations process work effectively and in a bipartisan manner regardless of political dynamics. Witnesses included:

- G. William Hoagland, Senior Vice President, Bipartisan Policy Center
- Donald R. Wolfensberger, Fellow, Bipartisan Policy Center; Fellow, Woodrow Wilson International Center for Scholars

\textsuperscript{10}Bill Heniff Jr., Congressional Budget Resolutions: Historical Information, Congressional Research Service, November 16, 2015.
Emily Holubowich, Participant, Convergence Building a Better Budget Process Project; Executive Director, Coalition for Health Funding

Matthew Owens, Participant, Convergence Building a Better Budget Process Project; Vice President for Federal Relations and Administration, Association of American Universities

May 24, 2018—The Budget Resolution—Content, Timeliness, and Enforcement

During this hearing, members examined the current purpose and role of the budget resolution and considered possible options, presented by expert witnesses, to bolster the budget resolution’s impact and influence in the federal budget and appropriations process. Witnesses included:

- Maya MacGuineas, President, Committee for a Responsible Federal Budget
- James C. Capretta, Resident Fellow and Milton Friedman Chair, American Enterprise Institute
- Bill Dauster, Former Democratic Staff Director and Chief Counsel, Senate Budget Committee
- Joseph White, Professor, Department of Political Science and Center for Policy Studies, Case Western Reserve University

June 27, 2018—Members’ Day

During this hearing, members of both chambers of Congress testified before the JSCBAPR on their ideas for improving the budget and appropriations process. Members who testified before the JSCBAPR included:

- The Honorable Paul D. Ryan, Speaker, House of Representatives
- The Honorable Nancy D. Pelosi, Democratic Minority Leader, House of Representatives
- The Honorable Steny H. Hoyer, Democratic Minority Whip, House of Representatives
- Representative Hal Rogers (KY–05)
- Representative Pete Visclosky (IN–01)
- Representative Robert Aderholt (AL–04)
- Representative David Price (NC–04)
- Representative Rob Bishop (UT–01)
- Representative John Carter (TX–31)
- Representative Devin Nunes (CA–22)
- Senator Bob Corker (TN)
- Representative Jim Himes (CT–04)
- Representative Tom McClintock (CA–04)
- Representative Jim Renacci (OH–16)
- Representative Daniel Webster (FL–11)
- Representative Elizabeth Esty (CT–05)
- Representative Bill Foster (IL–11)
- Representative Keith Rothfus (PA–12)
- Senator Steve Daines (MT)
- Representative French Hill (AR–02)
- Representative Bruce Westerman (AR–04)
- Representative Warren Davidson (OH–08)
- Representative Pramila Jayapal (WA–07)
Representative Roger Marshall (KS–01)
Representative Lloyd Smucker (PA–16)
Representative John Curtis (UT–03)
Representative Ralph Norman (SC–05)

Additional statements were submitted for the record by:
Representative Virginia Foxx (NC–05)
Representative Mario Diaz-Balart (FL–25)
Senator Dean Heller (NV)
Representative Bradley Byrne (AL–01)
Representative Paul Mitchell (MI–10)

July 12, 2018—Opportunities to Improve the Appropriations Process

During this hearing, members considered the current challenges facing the appropriations process in Congress and discussed possibilities for improvement. Witnesses included:

The Honorable Leon Panetta, Former Secretary of Defense, 2011–2013; Chairman, The Panetta Institute for Public Policy
The Honorable David Obey, Former Chairman of House Appropriations Committee, 2007–2011

Briefings

April 11, 2018—Briefing with the Congressional Research Service

Members of the JSCBAPR heard from experts from the Congressional Research Service (CRS) regarding the issues facing the budget and appropriations process, past reform efforts, and potential options for the JSCBAPR to explore.

July 17, 2018—Briefing with the Congressional Budget Office and the Congressional Research Service

Members of the JSCBAPR heard from experts from CBO and CRS on implementation and potential impacts of reforms considered by the JSCBAPR.

Committee Meetings

The JSCBAPR held multiple meetings, both formal and informal, since its establishment. These meetings provided a collegial opportunity for JSCBAPR members to discuss reforms to the budget and appropriations process. These meetings also provided the basis for the recommendations made in this report. A listing of the JSCBAPR’s informal working sessions follows:

March 7, 2018—Initial JSCBAPR organizing meeting
August 22, 2018—JSCBAPR working group meeting
September 13, 2018—JSCBAPR working group meeting
September 26, 2018—JSCBAPR working group meeting

RECOMMENDATIONS

Biennial Budgeting

Over the past few Congresses, there has been increasing support for a biennial budget. Since the first public meeting of the JSCBAPR, biennial budgeting has been viewed as a practical and necessary solution to the continued delays in the current budget
and appropriations process. Additionally, the JSCBAPR heard repeatedly from witnesses, as well as from multiple outside organizations across the political spectrum, that biennial budgeting is an excellent starting point for any budget and appropriations reform effort.

One of the principal arguments in favor of biennial budgeting is that it will allow for more time in the budget process. Providing a 302(a) allocation for two years to the Appropriations Committees at the beginning of a Congress will allow for a smoother appropriations process. It will also allow the Appropriators additional time to engage in dialogue with the Executive Branch on the Administration’s priorities.

Another key argument in favor of biennial budgeting is that it will allow for greater certainty in the budget process, particularly for Executive Branch entities. One of the chief complaints heard consistently by members of Congress and the JSCBAPR is that nearly every executive agency and department suffers under a protracted budget negotiation, delayed spending bills, and continuing resolutions.

A biennial budget would also provide Congress additional time to conduct oversight on federal agencies and departments. When Appropriators and authorizers have more certainty, they can turn their attention to those entities that they fund and oversee, respectively. This also serves to buttress Congress’s constitutional authority and ensures that appropriated funds are being used responsibly and authorized programs are implemented consistently with Congressional intent.

Finally, biennial budgeting would free up time in the legislative calendar to enable Congress to not be mired down in annual budget resolution squabbles.

Second Session Revision of the Budget Resolution for Scoring Purposes

A requirement of a biennial budget resolution would be authority in the second year of a biennium to adjust the budget resolution’s spending and revenue levels, committee allocations, and other amounts to reflect an updated baseline used for scoring purposes.

Realistic Deadline for Congress to Complete Action on a Biennial Budget

One of the challenges identified by the JSCBAPR was that Congress has continually failed to adopt a budget resolution by the statutorily required April 15th deadline. In those years in which Congress has adopted a budget resolution, it has adopted the budget resolution an average of 36 days after the target date. This deadline does not reflect a realistic timeline. To this end, the JSCBAPR believed that setting a realistic and achievable deadline of May 1st for the first year of the biennium would provide Congress an opportunity to complete its work on time.

---

Annual Supplemental Budget Submission by the President

While JSCBAPR members recognized that Article I entrusts in the Congress the power of the purse, members also had an appreciation that there is critical data that Congress requires from the Executive Branch to begin the budget building process. Specifically, CBO cannot begin constructing its baseline for the upcoming fiscal year without receipt of data, particularly prior-year and current-year spending, that is normally transmitted with the President’s budget request. Without receipt of CBO’s baseline, Congress generally cannot begin writing its budget resolution. To create additional time for developing the baseline, and therefore, the budget resolution and various appropriations bills, the JSCBAPR believed that the Executive Branch should be required to provide a supplemental budget submission that is separate from the President’s policy proposals no later than December 1st of each calendar year.

This supplemental budget submission would include:

- Prior year fiscal data
- Current year fiscal data
- Credit re-estimates for the current year

This data would allow CBO to begin constructing the baseline, as well as enable the Budget and Appropriations Committees to begin their respective work in writing the budget resolution and appropriations bills earlier in the process. The President would then submit policy proposals later in the process, which would be considered as Congress continues its work on the budget resolution and annual appropriations bills.

Encourage the Use of Best Practices in the Appropriations Process

The JSCBAPR noted that Congress was more successful this year than in other recent years moving appropriations bills through the process on a timelier basis, with five fiscal year 2019 appropriations measures, including the three largest, signed into law before the start of the fiscal year. One factor in this success appears to have been the strategic combination of individual bills into multi-bill packages for initial consideration by the House and Senate, as well as for the final conference stage.

JSCBAPR members recommended that the Appropriations Committees review the record of recent practices for consideration of appropriations bills, identify practices which have been helpful in expediting action and increasing opportunities for member involvement at various stages of consideration, and build those successful practices into their work for future years. JSCBAPR members also recommended that the Appropriations Committees and other committees with responsibilities in this area study the best ways of using the new biennial budget resolution schedule to expedite congressional work on appropriations and other budgetary legislation.

Reconstitute Senate Budget Committee

JSCBAPR members noted that the Senate Budget Committee should be reconstituted to include the Appropriations and Finance Chairs and Ranking Members and make it comprised of eight members from the majority and seven members from the minority. This would elevate the Senate Budget Committee to be more
prominent and foster greater seriousness and bipartisanship to its important work.

**Add Bipartisan Budget Resolution in the Senate**

JSCBAPR members noted that the budget process has become exceedingly partisan in recent years. Partisan posturing has contributed to numerous budget and appropriations delays and threats of government shutdowns. Political disagreement on the debt limit has imposed unnecessary costs on our nation's economy. This budget option would have fostered bipartisan work on the Senate Budget Committee. In addition to the other requirements of Section 301 of the Congressional Budget Act, a bipartisan budget resolution would have required to include a target for the ratio of the public debt to the gross domestic product and a multi-year glideslope for achieving it. The glideslope would have included the four primary drivers of deficits: health care spending, tax expenditures, discretionary appropriations, and revenue levels. The glideslope could have also included other economic and policy targets such as employment, income equality, and economic growth.

Committee approval of a bipartisan budget resolution required a majority of Democratic members and a majority of Republican members. The Senate Majority and Minority Leaders would then have been empowered to agree on expedited floor consideration including limited debate and amendment votes. To be considered a bipartisan budget, a conferenced budget resolution or House budget resolution must have included the content requirements described above.

Upon passage in both chambers, a bipartisan budget resolution would trigger biannual reporting by the Congressional Budget Office. This reporting requirement remained unless displaced by passage of a subsequent bipartisan budget resolution. Senate passage of a reconciliation bill pursuant to a bipartisan budget resolution would have required 15 votes from the minority party.

**Annual Reconciliation**

Under a biennial budgeting model, it was the JSCBAPR's view that the annual reconciliation process should be preserved. JSCBAPR's legislative intent was for reconciliation to remain an annual exercise. Reconciliation instructions would have been based on a single fiscal year, consistent with annual appropriations. JSCBAPR's legislative recommendations amended current law to clarify that reconciliation may be used each fiscal year of a biennium. As a result, a budget resolution could provide directives to one or more committees for each fiscal year of a biennium and over a specified period of the budget window; (e.g. five or ten years). Congress should have the ability to consider reconciliation legislation at any point during a biennium and have the use of reconciliation's expedited procedures each fiscal year to legislatively address mandatory spending, revenue, the debt limit, or any combination thereof.

A review of the historical use of reconciliation demonstrates its success in significantly reducing the deficit, particularly in the 1980s. The JSCBAPR believed that this practice – the use of an-
nual reconciliation to reduce the deficit – should be encouraged in future Congresses.

*Require a Joint Budget Committee Hearing on the Fiscal State of the Nation*

Members of the JSCBAPR believed that members of Congress must have access to nonpartisan information about the many factors contributing to the nation’s debt and deficit in order to develop sound fiscal policies and meet our long-debt and deficit reduction goals. To accomplish this, JSCBAPR members recommended the House and Senate Budget Committees should be required to hold a biennial, joint hearing with testimony from the Comptroller General of the United States regarding the audited financial statement of the Executive Branch. This ‘Fiscal State of the Nation’ hearing would have needed to occur at least once during the second session of a Congress after a biennial budget resolution is adopted and would have enabled members to assess the nation’s long-term fiscal sustainability. As a joint hearing, the chairs of the Budget Committees should have alternated presiding and hosting the hearing each Congress. The JSCBAPR encouraged the chairs of the Budget Committees to follow House and Senate rules when convening the Fiscal State of the Nation hearing. Therefore, the chairs of the Budget Committees would have been encouraged to make a public announcement of the date, place, and subject matter of the hearing at least seven calendar days before the hearing. All members of Congress would be invited to attend the hearing, and the JSCBAPR strongly encouraged the chairs of the Budget Committees to agree to allow all members to waive onto their respective Budget Committee for the hearing by unanimous consent. A video recording of the Fiscal State of the Nation hearing would have been made publicly available on the Budget Committees' websites.

Members of the JSCBAPR also recommended establishing additional forums for all members of Congress to access the information presented in the Fiscal State of the Nation hearing. To accomplish this goal, members of the JSCBAPR encouraged the House and Senate to implement the following recommendations:

First, all four party caucuses in the House and Senate would have been encouraged to hold a biennial meeting with the same content presented by the witnesses from the required joint Fiscal State of the Nation hearing held by the Budget Committees. The JSCBAPR also encouraged the caucuses to include in those meetings a briefing from the Congressional Budget Office (CBO) to educate members on the function and role of CBO in the budget process.

Second, the House and Senate should have incorporated content from the Fiscal State of the Nation hearing, and an introductory briefing from CBO, into the official orientation process for all newly-elected members of Congress conducted by the Committee on House Administration and the Secretary of the Senate, respectively. These new member orientations typically take place prior to the new members being sworn in and include briefings on the legislative process, congressional rules, and ethics policies. The JSCBAPR believed this is the ideal forum to present the findings from the most recent Fiscal State of the Nation hearing to new
members of the House and Senate and educate them on the critical role of CBO in the budget process. Accordingly, the JSCBAPR urged the Committee on House Administration and the Secretary of the Senate to ensure that these two training opportunities would be provided for all new members.

Include Total Combined Outlays and Revenues for Tax Expenditures as an Optional Item in the Budget Resolution

JSCBAPR members expressed interest in providing greater transparency regarding tax expenditures because they are a major component of the federal budget. Therefore, JSCBAPR members believed that total combined outlays and revenues for tax expenditures should have been an optional item in the budget resolution’s text.
THE JOINT SELECT COMMITTEE
ON BUDGET AND APPROPRIATIONS
PROCESS REFORM BILL TEXT

The following text is the Co-Chair's Mark, as amended, and voted on by The Joint Select Committee on Budget and Appropriations Process Reform on November 29, 2018.
To implement the recommendations of the Joint Select Committee on Budget and Appropriations Process Reform.

IN THE HOUSE OF REPRESENTATIVES

Mr. WOMACK (for himself and Mrs. LOEY) introduced the following bill; which was referred to the Committee on ____________________________

A BILL

To implement the recommendations of the Joint Select Committee on Budget and Appropriations Process Reform.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,

3 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

4 (a) Short Title.—This Act may be cited as the
5 “Bipartisan Budget and Appropriations Reform Act of
6 2018”.
(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—BIENNIAL BUDGET RESOLUTIONS**

Sec. 101. Purposes.
Sec. 102. Definitions.
Sec. 103. Revision of timetable.
Sec. 104. Biennial concurrent resolutions on the budget.
Sec. 105. Committee allocations.
Sec. 106. Revision of biennial budget.
Sec. 107. Additional amendments to the Congressional Budget Act of 1974 to effectuate biennial budgeting.
Sec. 108. Reconciliation process.
Sec. 109. Bipartisan budget resolution.
Sec. 110. Effective date.

**TITLE II—OTHER MATTERS**

Sec. 201. Views and estimates of committees.
Sec. 202. Annual supplemental budget submission by the President.
Sec. 203. Hearing on the fiscal state of the Nation.
Sec. 204. Reform of Senate Budget Committee.

**TITLE I—BIENNIAL BUDGET RESOLUTIONS**

**SEC. 101. PURPOSES.**

Paragraph (2) of section 2 of the Congressional Budget and Impoundment Control Act of 1974 is amended to read as follows:

“(2) to facilitate the determination biennially of the appropriate level of Federal revenues and expenditures by the Congress;”.

SEC. 102. DEFINITIONS.

Section 3 of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622) is amended—

(1) in paragraph (4), by striking “for a fiscal year” each place it appears and inserting “for a biennium”; and

(2) by adding at the end the following new paragraphs:

“(12) The term ‘direct spending’ has the meaning given to such term in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985.

“(13) The term ‘biennium’ means any period of 2 consecutive fiscal years beginning with an even-numbered fiscal year.

“(14) The term ‘budget year’ has the meaning given that term in section 250(c)(12) of the Balanced Budget and Emergency Control Act of 1985.”.
Section 300 of the Congressional Budget Act of 1974
(2 U.S.C. 631) is amended to read as follows:

"TIMETABLE

"SEC. 300. The timetable with respect to the congressional budget process for any Congress is as follows:

"First Session

<table>
<thead>
<tr>
<th>On or before:</th>
<th>Action to be completed:</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Monday in February</td>
<td>President submits budget.</td>
</tr>
<tr>
<td>February 15</td>
<td>Congressional Budget Office submits report to Budget Committees.</td>
</tr>
<tr>
<td>March 1</td>
<td>Committees submit views and estimates to Budget Committees.</td>
</tr>
<tr>
<td>April 1</td>
<td>Senate Budget Committee reports biennial budget.</td>
</tr>
<tr>
<td>May 1</td>
<td>Congress completes action on the biennial budget.</td>
</tr>
<tr>
<td>May 15</td>
<td>Appropriation bills may be considered in the House of Representatives.</td>
</tr>
<tr>
<td>June 10</td>
<td>House Appropriations Committee reports last annual appropriation bill.</td>
</tr>
<tr>
<td>October 1</td>
<td>First fiscal year of the biennium begins.</td>
</tr>
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"Second Session

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<tr>
<td>June 10</td>
<td>House Appropriations Committee reports last annual appropriation bill.</td>
</tr>
<tr>
<td>October 1</td>
<td>Second fiscal year of the biennium begins.”.</td>
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SEC. 104. BIENNIAL CONCURRENT RESOLUTIONS ON THE BUDGET.

(a) CONTENTS OF RESOLUTION.—

(1) IN GENERAL.—Section 301(a) of the Congressional Budget Act of 1974 (2 U.S.C. 632(a)) is amended—

(A) by striking the matter preceding paragraph (1) beginning with “On or before April 15” and inserting the following: “On or before May 1 of each odd-numbered calendar year, the Congress shall complete action on a concurrent resolution on the budget for the biennium beginning on October 1 of that calendar year. The concurrent resolution shall set forth appropriate levels for each fiscal year in the biennium and for at least each fiscal year in the next 2 bienniums for the following—”;

(B) in paragraph (6)—

(i) by striking “for the fiscal year” and inserting “for each fiscal year in the biennium”; and
(ii) by striking “and” at the end;

(C) in paragraph (7)—

(i) by striking “for the fiscal year” and inserting “for each fiscal year in the biennium”; and

(ii) by striking the period at the end and inserting “; and”;

(D) by adding after paragraph (7) the following:

“(8) subtotals of new budget authority and outlays for nondefense discretionary spending; defense discretionary spending; direct spending; and net interest.”; and

(E) by adding at the end of the matter following paragraph (8) (as added by subparagraph (D)) the following: “The concurrent resolution on the budget for a biennium shall include procedures for adjusting spending and revenue levels, committee allocations, and other amounts in the resolution during the second session of a Congress to reflect an updated
baseline that will be used for scoring purposes.”.

(b) ADDITIONAL MATTERS IN CONCURRENT RESOLUTION.—Section 301(b) of the Congressional Budget Act of 1974 (2 U.S.C. 632(b)) is amended—

(1) in paragraph (3), by striking “for such fiscal year” and inserting “for either fiscal year in such biennium”;

(2) in paragraph (8), by striking “and” at the end;

(3) in paragraph (9), by striking the period at the end and inserting “; and”; and

(4) by adding at the end the following:

“(10) include total combined outlays and revenues for tax expenditures.”.

(e) HEARINGS AND REPORT.—Section 301(e)(1) of the Congressional Budget Act of 1974 (2 U.S.C. 632(e)) is amended by striking “fiscal year” and inserting “biennium”.

(d) GOALS FOR REDUCING UNEMPLOYMENT.—Section 301(f) of the Congressional Budget Act of 1974 (2
U.S.C. 632(f)) is amended by striking “fiscal year” each place it appears and inserting “biennium”.

(e) ECONOMIC ASSUMPTIONS.—Section 301(g) of the Congressional Budget Act of 1974 (2 U.S.C. 632(g)) is amended by striking “for a fiscal year” and inserting “for a biennium”.

(f) SECTION HEADING.—The section heading of section 301 of the Congressional Budget Act of 1974 (2 U.S.C. 632) is amended by striking “ANNUAL ADOPTION OF” and inserting “ADOPTION OF BIENNIAL”.

SEC. 105. COMMITTEE ALLOCATIONS.

Section 302 of the Congressional Budget Act of 1974 (2 U.S.C. 633) is amended—

(1) in subsection (a)(1)—

(A) by striking “for that period of fiscal years” and inserting “for all fiscal years covered by the resolution”; and

(B) by striking “only for the fiscal year of that resolution” and inserting “only for each fiscal year of the biennium”;

(2) in subsection (e)—
(A) by striking “subsection (a)” and inserting “subsection (a)(1)”;
(B) by striking “for a fiscal year” and inserting “for a budget year”; and
(C) by striking “for that fiscal year” and inserting “for that budget year”;
(3) in subsection (f)(1)—
(A) by striking “for a fiscal year”; and
(B) by striking “the first fiscal year” and inserting “either fiscal year of the biennium of that resolution”; and
(4) in subsection (f)(2)(A), by—
(A) striking “first fiscal year” and inserting “either fiscal year of the biennium of that resolution”; and
(B) striking “the total of fiscal years” and inserting “the total of all fiscal years covered by the resolution”.

 SEC. 106. REVISION OF BIENNIAL BUDGET.

Section 304 of the Congressional Budget Act of 1974 (2 U.S.C. 635) is amended to read as follows:
“PERMISSIBLE REVISIONS OF CONCURRENT RESOLUTIONS ON THE BUDGET

“SEC. 304. At any time after the concurrent resolution on the budget has been agreed to pursuant to section 301 and before the end of the biennium, the two Houses may adopt a concurrent resolution that revises or reaffirms the most recently agreed to concurrent resolution on the budget. Any concurrent resolution that revises or reaffirms the most recently agreed to concurrent resolution on the budget shall be considered under the procedures set forth in section 305.”.

SEC. 107. ADDITIONAL AMENDMENTS TO THE CONGRESSIONAL BUDGET ACT OF 1974 TO EFFECTUATE BIENNIAL BUDGETING.

(a) ENFORCEMENT OF SECTION 303.—Section 303 of the Congressional Budget Act of 1974 (2 U.S.C. 634) is amended—

(1) in subsection (a)—

(A) by striking “for a fiscal year” and inserting “for a biennium”; and
(B) by striking “the first fiscal year covered by that resolution” and inserting “either fiscal year of that biennium”;

(2) in subsection (b)(1)(B), by striking “the fiscal year” and inserting “the biennium”; and

(3) in subsection (c)—

(A) in paragraph (1)—

(i) by striking “for a fiscal year” and inserting “for a biennium”; and

(ii) by striking “for that year” in each instance and inserting “for each year of that biennium”; and

(B) in paragraph (2), by striking “after the year the allocation referred to in that paragraph is made” and inserting “after the years the allocations referred to in that paragraph are made”.

(b) Section 305.—Subsections (a)(3) and (b)(3) of section 305 of the Congressional Budget Act of 1974 (2 U.S.C. 636) are amended by striking “for a fiscal year”.

(e) Section 311 Point of Order.—
(1) In the House of Representatives.—

Section 311(a)(1) of the Congressional Budget Act of 1974 (2 U.S.C. 642(a)) is amended—

(A) by striking “for a fiscal year”;

(B) by striking “the first fiscal year” each place it appears and inserting “either of the first two fiscal years covered by such resolution”; and

(C) by striking “that first fiscal year” and inserting “either of the first two fiscal years”.

(2) In the Senate.—Section 311(a)(2) of the Congressional Budget Act of 1974 (2 U.S.C. 642(a)(2)) is amended—

(A) in subparagraph (A), by striking “for the first fiscal year” and inserting “for either of the first two fiscal years”; and

(B) in subparagraph (B)—

(i) by striking “that first fiscal year” the first place it appears and inserting “either of the first two fiscal years”; and
(ii) by striking “that first fiscal year and the ensuing fiscal years” and inserting “all fiscal years”.

(3) SOCIAL SECURITY LEVELS.—Section 311(a)(3) of the Congressional Budget Act of 1974 (2 U.S.C. 642(a)(2)) is amended by—

(A) striking “for the first fiscal year” and inserting “for either of the first two fiscal years”; and

(B) striking “that fiscal year and the ensuing fiscal years” and inserting “all fiscal years”.

SEC. 108. RECONCILIATION PROCESS.

Section 310(a) of the Congressional Budget Act of 1974 (2 U.S.C. 641(a)) is amended—

(1) in the matter before paragraph (1), by striking “A concurrent” and all that follows through “shall” and inserting “A concurrent resolution on the budget for a biennium shall, for each fiscal year of the biennium”;

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(2) in paragraph (1)(A), by striking “for such fiscal year” and inserting “for each fiscal year of the biennium”; 

(3) in paragraph (1)(C), by striking “such fiscal year” and inserting “each fiscal year of the biennium”; and 

(4) in paragraph (1)(D), by striking “such fiscal year” and inserting “each fiscal year of the biennium”.

SEC. 109. BIPARTISAN BUDGET RESOLUTION.

(a) DEFINITION.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622), as amended by section 102, is further amended by adding at the end the following:

“(15) The term ‘bipartisan budget resolution’ means a concurrent resolution on the budget for a biennium—

“(A) ordered reported to the Senate by the Committee on the Budget of the Senate by an affirmative vote of not less than half of the Senators that are members of the majority
party in the Senate and not less than half of
the Senators that are members of the minority
party in the Senate;

“(B) that establishes—

“(i) a target for the ratio of the public
debt to the gross domestic product as of
the end of the period covered by the con-
current resolution or a later date; and

“(ii) for each fiscal year covered by
the concurrent resolution, targets for—

“(I) the ratio of the public debt
to the gross domestic product;

“(II) the amount of health care
spending by the Government;

“(III) the amount of tax expendi-
tures;

“(IV) the amount of discre-
tionary appropriations (as defined in
section 250 of the Balanced Budget
and Emergency Deficit Control Act of
1985 (2 U.S.C. 900)); and
“(V) the amount of revenues; and
“(C) which may include other economic or
policy targets.”.

(b) CONSIDERATION OF BIPARTISAN BUDGET RESOLUTIONS.—Section 305 of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 636) is amended by adding at the end the following:

“(e) PROCEDURES IN THE SENATE FOR BIPARTISAN
BUDGET RESOLUTIONS.—

“(1) OTHER EXPEDITED PROCESS.—In the
Senate, upon the agreement of the majority leader
and the minority leader, additional procedures to ex-
pedite consideration of a bipartisan budget resolu-
tion (which may include limiting the number of
amendments upon which the Senate shall vote) shall
apply to consideration of the bipartisan budget reso-
lution. The majority leader shall submit a written
statement for the Congressional Record reflecting
any agreement described in this paragraph.
“(2) PASSAGE.—In the Senate, a bipartisan budget resolution shall be agreed to only upon the affirmative vote of not less than—

“(A) three-fifths of the Members, duly chosen and sworn; and

“(B) 15 Members that are members of the minority party in the Senate.

“(3) AMENDMENTS BETWEEN THE HOUSES AND CONFERENCE REPORTS.—To be considered a bipartisan budget resolution, a conference report or an amendment between the Houses on a concurrent resolution on the budget shall—

“(A) comply with section 3(15)(B); and

“(B) be agreed to in the Senate by an affirmative vote of not less than—

“(i) three-fifths of the Members, duly chosen and sworn; and

“(ii) 15 Members that are members of the minority party in the Senate.”.

(c) RECONCILIATION UNDER BIPARTISAN BUDGET RESOLUTIONS.—Section 310(e)(2) of the Congressional
Budget and Impoundment Control Act of 1974 (2 U.S.C. 641(e)(2)) is amended—

(1) by inserting “(A)” before “Debate”; and

(2) by adding at the end the following:

“(B) In the Senate, a reconciliation bill reported under subsection (b) pursuant to reconciliation instructions in a bipartisan budget resolution, a House amendment thereto, and a conference report thereon shall be agreed to only upon the affirmative vote of not less than—

“(i) a majority of the Members voting, a quorum being present; and

“(ii) 15 Members that are members of the minority party in the Senate.”.

(d) REPORTING.—Section 202 of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 603) is amended by adding at the end the following:

“(h) REPORT ON RATIO OF THE PUBLIC DEBT TO THE GROSS DOMESTIC PRODUCT.—On and after the date on which the first bipartisan budget resolution is agreed to, the Director of the Congressional Budget Office shall
submit to Congress semiannual reports on the ratio of the
public debt to the gross domestic product, which shall
evaluate whether the targets in the most recently agreed
to bipartisan budget resolution have been met.”.

SEC. 110. EFFECTIVE DATE.
This title and the amendments made by this title
shall take effect immediately before noon January 3,
2019.

TITLE II—OTHER MATTERS

SEC. 201. VIEWS AND ESTIMATES OF COMMITTEES.
Section 301(d) of the Congressional Budget and Im-
poundment Control Act of 1974 (2 U.S.C. 632(d)) is
amended to read as follows:
“(d) VIEWS AND ESTIMATES OF OTHER COMMIT-
TEES.—
“(1) IN GENERAL.—Not later than March 1 of
the first session of a Congress, or upon the request
of the Committee on the Budget of the House of
Representatives or the Senate, each committee of
the House of Representatives and the Senate having
legislative jurisdiction shall submit to its respective
Committee on the Budget its views and estimates
(as determined by the committee making such sub-
mission) with respect to the following:

“(A) Any legislation to be considered dur-
ing that Congress that is a priority for the com-
mittee.

“(B) Any legislation within the jurisdiction
of the committee that would establish, amend,
or reauthorize any Federal program and likely
have a significant budgetary impact.

“(2) ADDITIONAL MATTERS.—Any committee of
the House of Representatives or the Senate and any
joint committee of the Congress may submit to the
appropriate Committees on the Budget its views and
estimates with respect to all matters set forth in
subsections (a) and (b) which relate to matters with-
in its jurisdiction.

“(3) JOINT ECONOMIC COMMITTEE.—The Joint
Economic Committee shall submit to the Committees
on the Budget of both Houses its recommendations
as to the fiscal policy appropriate to the goals of the
Employment Act of 1946.”.

SEC. 202. ANNUAL SUPPLEMENTAL BUDGET SUBMISSION
BY THE PRESIDENT.

Section 1106 of title 31, United States Code, is
amended by adding at the end the following:
“(d) On or before December 1 of each calendar year,
the President shall submit to Congress an administrative
budget for the fiscal year beginning in the ensuing cal-
endar year, which shall include up-to-date estimates for
current year and prior year data and credit reestimates
for the current year (as included in the Federal credit sup-
plement of such budget).”.

SEC. 203. HEARING ON THE FISCAL STATE OF THE NATION.
(a) IN GENERAL.—Not later than 45 days (excluding
Saturdays, Sundays, and holidays) after the date on which
the Secretary of the Treasury submits to Congress the au-
dited financial statement required under paragraph (1) of
section 331(e) of title 31, United States Code, on a date
agreed upon by the chairs of the Committees on the Budg-
et of the House of Representatives and the Senate and
the Comptroller General of the United States, the chairs
shall conduct a hearing to receive a presentation from the
Comptroller General reviewing the findings of the audit
required under paragraph (2) of such section and pro-
viding, with respect to the information included by the
Secretary in the report accompanying such audited finan-
cial statement, an analysis of the financial position and
condition of the Federal Government, including financial
measures (such as the net operating cost, income, budget
deficits, or budget surpluses) and sustainability measures
(such as the long-term fiscal projection or social insurance
projection) described in such report.

(b) EFFECTIVE DATE.—The requirement under sub-
section (a) shall apply with respect to any audited finan-
cial statement submitted on or after the date of the enact-
ment of this Act.

SEC. 204. REFORM OF SENATE BUDGET COMMITTEE.

In the Senate, the Committee on the Budget shall
be composed of 15 members as follows:

(1) Six members who are a member of or cau-
cus with the political party in the majority in the
Senate, of which 1 of whom shall be designated as the Chairman by the members of the committee.

(2) Five members who are a member of or caucus with the political party in the minority in the Senate, of which 1 of whom shall be designated as the Ranking Member by the members of the committee.

(3) The Chairman and Ranking Member of the Committee on Appropriations.

(4) The Chairman and Ranking Member of the Committee on Finance.
VOTES OF THE JOINT SELECT COMMITTEE ON BUDGET AND APPROPRIATIONS PROCESS REFORM

By unanimous consent, the Joint Select Committee on Budget and Appropriations Process Reform applied a voting rule for the adoption of amendments consistent with the rule required by law for final adoption of the Joint Select Committee’s recommendations. Under that rule, passage or adoption required separate majorities of the appointees from each party.

1. An amendment offered by Senator Bennett and Senator Lankford to reform the membership of the Senate Budget Committee. The amendment would reconstitute the membership of the Senate Budget Committee to include 8 members from the majority and 7 members from the minority in addition to the Chairs and Ranking Members of both the Senate Appropriations and Finance Committees.

The amendment was agreed to by a roll call vote of 7 ayes and 0 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 6 ayes and 1 no of the Members appointed by the House Minority Leader and the Senate Minority Leader.

ROLL CALL VOTE NO. 1

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2. An amendment offered by Representative Woodall to eliminate functional categories in the budget resolution in lieu of budget authority and outlays for the following categories: nondefense discretionary spending, defense discretionary spending, direct spending, and net interest. The amendment would also require the inclusion of a debt-to-GDP ratio.

The amendment was not agreed to by a roll call vote of 7 ayes and 0 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 0 ayes and 7 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

ROLL CALL VOTE NO. 2

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The amendment was agreed to by a roll call vote of 7 ayes and 0 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 7 ayes and 0 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

ROLL CALL VOTE NO. 3

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4. An amendment offered by Senator Schatz to include tax expenditures in the list of subtotals reported in the biennial budget.

The amendment was not agreed to by a roll call vote of 3 ayes and 5 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 7 ayes and 0 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

ROLL CALL VOTE NO. 4

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5. An amendment offered by Senator Perdue to increase the threshold for passing the budget resolution in the Senate from a simple majority (51 votes) to a super majority (60 votes).

The amendment was not agreed to by a roll call vote of 3 ayes and 4 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 0 ayes and 8 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

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6. An amendment offered by Senator Perdue to turn 50 hours of debate on the budget resolution in the Senate into 50 hours of consideration.

The amendment was not agreed to by a roll call vote of 7 ayes and 0 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 0 ayes and 8 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

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7. An amendment offered by Representative Kilmer to prohibit any reconciliation bill that would cause or increase a deficit or reduce a surplus over the period of years covered by the reconciliation instructions in the budget resolution.

The amendment was not agreed to by a roll call vote of 0 ayes and 8 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 8 ayes and 0 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

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8. An amendment offered by Senator Lankford to include reconciliation directives as a required element in the contents of the budget resolution.

The amendment was not agreed to by a roll call vote of 8 ayes and 0 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 0 ayes and 7 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

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9. An amendment offered by Senator Lankford to make reconciliation a mandatory element of the budget resolution. The amendment would also establish a new 20 percent limitation on provisions in a reconciliation bill that either increase direct spending or reduce revenues beyond 20 percent of the gross savings in the budget resolution’s reconciliation directives.

The amendment was not agreed to by a roll call vote of 6 ayes and 2 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 0 ayes and 7 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

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10. An amendment offered by Senator Blunt, Senator Whitehouse, and Representative Woodall to maintain annual reconciliation. The amendment was agreed to by a roll call vote of 8 ayes and 0 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 8 ayes and 0 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

ROLL CALL VOTE NO. 10

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11. An amendment offered by Representative Sessions to establish a permanent bipartisan, bicameral debt reduction committee. The amendment was not agreed to by a roll call vote of 7 ayes and 1 no of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 1 aye and 7 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

ROLL CALL VOTE NO. 11

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12. An amendment offered by Senator Hirono to authorize the Treasury Secretary to suspend the debt ceiling.

The amendment was not agreed to by a roll call vote of 0 ayes and 7 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 6 ayes and 0 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

ROLL CALL VOTE NO. 12

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13. An amendment offered by Representative Arrington and Senator Lankford to limit and ultimately phase out the use of changes in mandatory programs (CHIMPs).

The amendment was not agreed to by a roll call vote of 8 ayes and 0 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 0 ayes and 6 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

ROLL CALL VOTE NO. 13

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14. An amendment offered by Representative Kilmer to require
the House and Senate Budget Committees to hold a joint com-
mittee hearing on the Fiscal State of the Nation.

The amendment was agreed to by a roll call vote of 8 ayes and
0 noes of the Members appointed by the Speaker of the House
and the Senate Majority Leader and of 6 ayes and 0 noes of
the Members appointed by the House Minority Leader and the
Senate Minority Leader.

ROLL CALL VOTE NO. 14

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15. An amendment offered by Senator Schatz to include total out-
lays and revenues for tax expenditures as an optional item in
the budget resolution.

The amendment was agreed to by a roll call vote of 8 ayes and
0 noes of the Members appointed by the Speaker of the House
and the Senate Majority Leader and of 6 ayes and 0 noes of
the Members appointed by the House Minority Leader and the
Senate Minority Leader.

ROLL CALL VOTE NO. 15

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</table>
16. An amendment offered by Senator Perdue to align the fiscal year with the calendar year and incorporate milestones into the funding process connected with penalties. The milestones are based on a percentage of completion of funding bills signed into law (25/50/75/100). The penalties connected with these milestones includes no recess or use of official funds for member travel if these funding milestones are not met.

The amendment was not agreed to by a roll call vote of 8 ayes and 0 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 0 ayes and 7 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

ROLL CALL VOTE NO. 16

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17. An amendment offered by Senator Perdue to incorporate milestones into the funding process connected with penalties. The milestones are based on a percentage of completion of funding bills signed into law (25/50/75/100). The penalties connected with these milestones includes no recess or use of official funds for member travel if these funding milestones are not met.

The amendment was not agreed to by a roll call vote of 8 ayes and 0 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 1 aye and 6 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

ROLL CALL VOTE NO. 17

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18. An amendment offered by Senator Ernst and Senator Lankford to establish live quorum calls if the Senate fails to adopt a budget resolution by May 1st or fails to pass all regular appropriations bills by October 1st.

The amendment was not agreed to by a roll call vote of 8 ayes and 0 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 1 aye and 6 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

ROLL CALL VOTE NO. 18

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19. An amendment offered by Senator Ernst to prohibit the Senate from recessing or adjourning if it fails to pass all regular appropriations bills by October 1st of each year.

The amendment was not agreed to by a roll call vote of 8 ayes and 0 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 1 aye and 6 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

ROLL CALL VOTE NO. 19

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20. An amendment offered by Senator Ernst to prohibit the Senate from recessing or adjourning if it fails to pass a budget resolution by May 1st of an odd-numbered calendar year.

The amendment was not agreed to by a roll call vote of 8 ayes and 0 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 1 aye and 6 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

ROLL CALL VOTE NO. 20

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21. An amendment offered by Senator Ernst to prohibit the obligation or expenditure of funds for official travel by a Senator if the Senate fails to adopt a budget resolution by May 1st of each odd-numbered year or all appropriation bills individually or collectively, by October 1st of each year.

The amendment was not agreed to by a roll call vote of 8 ayes and 0 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 1 aye and 6 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

ROLL CALL VOTE NO. 21

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22. An amendment offered by Representative Arrington, Representative Kilmer, and Senator Ernst to expand the prohibition against adjournment resolutions in the House to include the August recess.

The amendment was not agreed to by a roll call vote of 8 ayes and 0 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 2 ayes and 5 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

**ROLL CALL VOTE NO. 22**

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</table>

23. An amendment offered by Senator Perdue to align the fiscal year with the calendar year.

The amendment was not agreed to by a roll call vote of 8 ayes and 0 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 2 ayes and 5 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

**ROLL CALL VOTE NO. 23**

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24. An amendment offered by Representative Roybal-Allard on behalf of Representative Yarmuth to repeal the statutory discretionary spending limits.

The amendment was not agreed to by a roll call vote of 1 aye and 7 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 7 ayes and 0 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

<table>
<thead>
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ROLL CALL VOTE NO. 25


The bill and report as amended was not agreed to by a roll call vote of 1 aye and 7 noes of the Members appointed by the Speaker of the House and the Senate Majority Leader and of 7 ayes and 0 noes of the Members appointed by the House Minority Leader and the Senate Minority Leader.

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This appendix includes five items produced by the Joint Select Committee on Budget and Appropriations Process Reform (JSCBAPR). The first consists of the complete transcripts of the five public hearings held by the JSCBAPR. The second and third items are briefing materials prepared by the Congressional Budget Office and the Congressional Research Service for the JSCBAPR. The fourth is H.R. 7191, a bill introduced by Representative Steve Womack, Chairman of the House Committee on the Budget, and Representative John Yarmuth, the Ranking Member of the House Committee on the Budget. This bill reflects the work of the JSCBAPR and excludes only those recommendations that dealt solely with Senate procedure and the Senate Budget Committee. The final item is the press release that accompanied the introduction of H.R. 7191.

### Hearing Transcripts

Following the creation of the JSCBAPR in February 2018, the Committee held five public hearings, fulfilling the requirement in the BBA 2018. The JSCBAPR held the following hearings.

- **April 17, 2018**—*Opportunities to Significantly Improve the Federal Budget Process*
- **May 9, 2018**—*Bipartisanship in Budgeting*
- **May 24, 2018**—*The Budget Resolution—Content, Timeliness, and Enforcement*
- **June 27, 2018**—*Members’ Day*
- **July 12, 2018**—*Opportunities to Improve the Appropriations Process*

A complete compilation of the transcripts of each of these Hearings follows:

---

Id. (53)
Joint Select Committee on Budget and Appropriations Process Reform

Republicans

Rep. Steve Womack, Arkansas
Co-Chair
Sen. Roy Blunt, Missouri
Rep. Pete Sessions, Texas
Sen. David Perdue, Georgia
Rep. Rob Woodall, Georgia
Sen. James Lankford, Oklahoma
Rep. Jodey Arrington, Texas
Sen. Joni Ernst, Iowa

Democrats

Co-Chair
Sen. Sheldon Whitehouse, Rhode Island
Rep. John Yarmuth, Kentucky
Sen. Michael Bennet, Colorado
Rep. Lucille Roybal-Allard, California
Sen. Brian Schatz, Hawaii
Rep. Derek Kilmer, Washington
Sen. Mazie Hirono, Hawaii
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### APRIL 17, 2018

**ORGANIZATIONAL MEETING FOLLOWED BY HEARING ON: OPPORTUNITIES TO SIGNIFICANTLY IMPROVE THE FEDERAL BUDGET PROCESS**

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**BIPARTISANSHIP IN BUDGETING**

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The Joint Select Committee on Budget and Appropriations Process Reform (JSCBAPR) was established by the Bipartisan Budget Act of 2018 (BBA 2018), which was signed into law on February 9, 2018. The JSCBAPR is a bipartisan and bicameral panel tasked with considering and recommending legislative language that will “significantly reform the budget and appropriation process.” The JSCBAPR is comprised of 16 members, equally divided between the House and Senate. Four members each were appointed by the Speaker of the House, the Senate Majority Leader, the House Minority Leader, and the Senate Minority Leader. House Budget Committee Chairman Steve Womack (R–AR) and House Appropriations Ranking Member Nita Lowey (D–NY) serve as co-chairs of this panel.

Members Appointed by the Speaker:
Representative Steve Womack (AR–3)
Representative Pete Sessions (TX–32)
Representative Rob Woodall (GA–7)
Representative Jodey Arrington (TX–19)

Members Appointed by the House Minority Leader:
Representative Nita Lowey (NY–17)
Representative John Yarmuth (KY–3)
Representative Lucille Roybal-Allard (CA–40)
Representative Derek Kilmer (WA–6)

Members Appointed by the Senate Majority Leader:
Senator Roy Blunt (MO)
Senator David Perdue (GA)
Senator James Lankford (OK)
Senator Joni Ernst (IA)

Members Appointed by the Senate Minority Leader:
Senator Sheldon Whitehouse (RI)
Senator Michael Bennet (CO)
Senate Brian Schatz (HI)
Senator Mazie Hirono (HI)

The deadline for the JSCBAPR to vote on recommendations, legislative language, and an accompanying report was November 30, 2018. For the JSCBAPR to report recommendations, including legislative language and an accompanying report, it required votes of a majority of the committee members appointed by the Speaker of the House of Representatives and the Majority Leader of the Senate; and a majority of the committee members appointed by the Minority Leader of the House of Representatives and the Minority Leader of the Senate. This voting threshold was intended to ensure that these recommendations and this report are comprised of bipartisan solutions.

**Purpose**

JSCBAPR was created in part because Congress has not followed regular order for the congressional budget and appropriations processes for more than two decades. Fiscal year 1995 was the last time Congress passed a conference report on the budget resolution and thirteen separate appropriations bills before the beginning of the fiscal year. Congress has continually failed to complete its work before the start of the fiscal year and as a result, continuing resolutions (CRs) have become the norm for funding the federal government.

Members have also expressed concerns regarding the lack of legislative tools available for Congress to address the national debt in a bipartisan manner. In 2018, the national debt eclipsed $21 trillion and is projected to rise to $34 trillion by 2028 unless Congress acts. The JSCBAPR viewed its purpose through the lens of these challenges: a broken budget process and an unsustainable fiscal trajectory.

**Hearings**

Following the creation of the JSCBAPR in February 2018, the Committee held five public hearings, fulfilling the requirement in the BBA 2018. In addition to these public hearings, the JSCBAPR has also held two closed briefings and multiple formal and informal meetings. The JSCBAPR held the following hearings.

April 17, 2018—**Opportunities to Significantly Improve the Federal Budget Process**

During this hearing, members considered the current challenges facing the budget and appropriations processes in Congress and discussed possibilities for improvement. Witnesses included:

- Douglas Holtz-Eakin, Ph.D., President, American Action Forum
- Martha Coven, J.D., Lecturer and John L. Weinberg/Goldman Sachs & Co. Visiting Professor, Woodrow Wilson School of Public and International Affairs, Princeton University

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1. Id.
2. Id.
3. Id.
5. Id.
May 9, 2018—Bipartisanship in Budgeting

During this hearing, members discussed ways to ensure that the budget and appropriations processes work in a bipartisan manner and are effective regardless of political dynamics. Witnesses included:

- G. William Hoagland, Senior Vice President, Bipartisan Policy Center
- Donald R. Wolfensberger, Fellow, Bipartisan Policy Center; Fellow, Woodrow Wilson International Center for Scholars
- Emily Holubowich, Participant, Convergence Building a Better Budget Process Project; Executive Director, Coalition for Health Funding
- Matt Owens, Participant, Convergence Building a Better Budget Process Project; Vice President for Federal Relations and Administration, Association of American Universities (AAU)

May 24, 2018—The Budget Resolution—Content, Timeliness, and Enforcement

During this hearing, members examined the current purpose and role of the budget resolution and considered possible options, presented by expert witnesses, to bolster the budget resolution’s impact and influence in the federal budget and appropriations processes. Witnesses included:

- Maya MacGuineas, President, Committee for a Responsible Federal Budget
- James C. Capretta, Resident Fellow and Milton Friedman Chair, American Enterprise Institute
- Bill Dauster, Former Democratic Staff Director and Chief Counsel, Senate Budget Committee
- Joseph White, Professor, Department of Political Science and Center for Policy Studies, Case Western Reserve University

June 27, 2018—Members’ Day

During this hearing, members of both chambers of Congress testified before the JSCBAPR on their ideas for improving the budget and appropriations processes. Members who testified before the JSCBAPR included:

- The Honorable Paul D. Ryan, Speaker of the House of Representatives
- The Honorable Nancy P. Pelosi, Democratic Minority Leader of the House of Representatives
- The Honorable Steny H. Hoyer, Democratic Whip of the House of Representatives
- Representative Hal Rogers (KY–05)
- Representative Pete Visclosky (IN–01)
- Representative Robert Aderholt (AL–04)
- Representative David Price (NC–04)
- Representative Rob Bishop (UT–01)
- Representative John Carter (TX–31)
- Representative Devin Nunes (CA–22)
- Senator Bob Corker (TN)
- Representative Jim Himes (CT–04)
• Representative Tom McClintock (CA–04)
• Representative Jim Renacci (OH–16)
• Representative Daniel Webster (FL–11)
• Representative Elizabeth Esty (CT–05)
• Representative Bill Foster (IL–11)
• Representative Keith Rothfus (PA–12)
• Senator Steve Daines (MT)
• Representative French Hill (AR–02)
• Representative Bruce Westerman (AR–04)
• Representative Warren Davidson (OH–08)
• Representative Pramila Jayapal (WA–07)
• Representative Roger Marshall (KS–01)
• Representative Lloyd Smucker (PA–16)
• Representative John Curtis (UT–03)
• Representative Ralph Norman (SC–05)

Additional statements submitted for the record:
• Representative Virginia Foxx (NC–05)
• Representative Mario Diaz-Balart (FL–25)
• Senator Dean Heller (NV)
• Representative Bradley Byrne (AL–01)
• Representative Paul Mitchell (MI–10)

July 12, 2018—Opportunities to Improve the Appropriations Process

During this hearing, members considered the current challenges facing the appropriations process in Congress and discussed possibilities for improvement. Witnesses included:

• The Honorable Leon Panetta, Former Secretary of Defense, 2011–2013; Chairman, The Panetta Institute for Public Policy and Former Secretary of Defense
• The Honorable David Obey, Former Chairman of House Appropriations Committee, 2007–2011
ORGANIZATIONAL MEETING FOLLOWED BY
HEARING ON: OPPORTUNITIES TO SIGNIFI-
CANTLY IMPROVE THE FEDERAL BUDGET
PROCESS

TUESDAY, APRIL 17, 2018

HOUSE OF REPRESENTATIVES,
JOINT SELECT COMMITTEE ON BUDGET AND
APPROPRIATIONS PROCESS REFORM,
Washington, D.C.

The committee met, pursuant to call, at 10:32 a.m. in Room
HVC–210, Capitol Visitor Center, Hon. Steve Womack and Hon.
Nita M. Lowey [co-chairs of the committee] presiding.
Present: Representatives Womack, Sessions, Woodall, Arrington,
Lowey, Yarmuth, Roybal-Allard, and Kilmer.
Senators Blunt, Perdue, Lankford, Ernst, Whitehouse, Bennet,
Schatz, and Hirono.
Co-Chair WOMACK. Good morning. The committee will come to
order.
I want to welcome everyone, and welcome to the first public
hearing of the Joint Select Committee on Budget and Appropriations
Process Reform. Before we begin our hearing, we will first
conduct the organizational meeting.
After our administrative business, the co-chair and I intend to
recognize members for opening statements. I encourage opening
statements at the hearing. In future hearings we hope to minimize
them.
Finally, we will hear from our distinguished witnesses who have
joined us.
Before we consider the committee’s rules, we would like to des-
ignate the committee’s staff director. Pursuant to the co-chair’s au-
thority under the Bipartisan Budget Act of 2018, Dan Keniry, who
currently serves as the staff director for the House Budget Com-
mittee, will serve as the Joint Select Committee staff director, with
the understanding that he will consult with David Reich, counsel
to Co-Chair Lowey.
We will now consider the committee’s rules of procedure. The
proposed rules have been shared with all members of the com-
mittee. These rules set out the committee’s procedures and are con-
sistent with both House rules and the Bipartisan Budget Act of
2018. If there are any questions, staff are available to answer those
queries.
The committee will now proceed to the consideration of the com-
mittee rules package. My understanding is that we will have no
amendments. So I would like to move from the chair to the adoption of the rule.

Senator LANKFORD. Mr. Chairman, can I ask one question, a parliamentary inquiry?

Co-Chair WOMACK. The gentleman will state his inquiry.

Senator LANKFORD. My question was I had raised before just a clarification on what a majority is. The way the actual bill was written is it is unclear whether a majority—it is a majority from each party or a majority total. So that could be 10 people to pass the final product or 12 people. Has that been clarified yet?

Co-Chair WOMACK. Based on guidance that the co-chairs have received, 10 votes total, including a minimum of 5 Republicans and 5 Democrats, are required to report the committee’s legislative recommendations and report.

Senator LANKFORD. Thank you. Thanks for putting that on the record.

Co-Chair WOMACK. Thank you.

Today’s formal hearing record will provide this guidance.

Co-Chair LOWEY. Mr. Chairman, our staffs have consulted regarding these rules. We are both in agreement. This is a pretty simple, plain vanilla package. The committee will be fundamentally guided by the legislation that set it up, but these rules provide a useful supplement. So I move that the proposed rules be adopted and that the co-chairs be authorized to submit them for printing in the Congressional Record.

Co-Chair WOMACK. Within a timeframe specific? Thirty days?

Co-Chair LOWEY. Correct.

Co-Chair WOMACK. Okay.

Is there any debate on the motion by the co-chair?

If not, the question is on the motion offered by the gentlelady from New York.

All those in favor, say aye.

Those opposed, no.

The ayes have it. The rules package is adopted.

That concludes the business portion of the meeting.

Now we will begin the hearing portion of the meeting, and I yield myself 5 minutes.

Established by the Bipartisan Budget Act of 2018, our panel of 16 members is charged with the task of significantly reforming the budget and appropriations process. Prior to this hearing, our panel has met twice to start the conversation and identify the problems. While this Select Committee is comprised of a diversity of political thought, we have clearly shared a common goal from the start. We believe that the current process isn’t working, and reform is long overdue.

Perhaps the most visible sign of dysfunction is that Congress has not followed regular order for the budget process for more than 20 years. Fiscal 1995 was the last time Congress passed a budget conference agreement followed by all of the separate appropriation bills before the beginning of the fiscal year.

Since then it has become commonplace for Congress to rely on short-term funding measures and continuing resolutions in order to avoid government shutdowns, and even those efforts have not always been successful.
It is our job to keep the government’s lights on. We have failed to do it five times. The most important role given to Congress under the Constitution is the power of the purse. This panel is charged with ensuring we can fulfill this essential duty.

It is no mistake that our Constitution begins in Article I by describing the powers and role of the legislative branch, and I believe that any proposals of this panel should affirm the distinct role intended by our Founding Fathers. Congress should always be at the center of deciding budget and spending issues for our nation.

While respecting the role of the other two branches of government, any recommendations from this committee should reflect improvements to the congressional process rather than offer prescriptions for specific budgetary outcomes that benefit Republicans or Democrats. Our goal is to ensure a framework that works regardless of what party holds the majority in either Chamber of Congress.

And it is my hope that we can come to agreement on recommendations and ultimately develop legislation that significantly reforms the budget and appropriations process. If we can design a better budget process to allow Congress to more effectively put forward its proposals, the budgetary outcomes will ultimately be returned to the American people through the elections.

While the Bipartisan Budget Act requires that our panel come up with solutions by November 30, I believe we can and should get agreement on solutions sooner. So in the coming days and weeks, it is important that we quickly and thoughtfully move through our work. As we identify possible solutions, I urge my colleagues to bring up proposals that encourage and incentivize the completion of budget and appropriations work on time.

In recent years, there have been four 2-year budget agreements. Our work should build on this trend, developing an overarching framework for Congress and ensuring certainty for funding decisions earlier.

I look forward to today’s discussion with experts on the advantages and disadvantages of various fixes. Today we will have two esteemed witnesses to help talk us through ideas for solutions.

I am pleased to welcome Dr. Douglas Holtz-Eakin, who was appointed as Director of Congressional Budget Office in 2003 and led the agency for nearly 3 years. He served on President George W. Bush’s Council of Economic Advisers, and he is currently president of the American Action Forum.

Also joining us is Martha Coven, who previously served at the Office of Management and Budget and at the Domestic Policy Council during the Obama administration. Prior to her work in the executive branch, she spent several years at the Center on Budget and Policy Priorities. Currently a lecturer and visiting professor at Princeton University.

Thank you.

And with that, I yield to the distinguished co-chair, the gentlelady from New York, Mrs. Lowey.

[The prepared statement of Co-Chair Womack follows:]
CO-CHAIR WOMACK OPENING STATEMENT:

Organizational Meeting Followed by Hearing On: Opportunities to Significantly Improve the Federal Budget Process

Washington, D.C., Tuesday, April 17, 2018

As prepared for delivery—Joint Select Committee Co-Chair Steve Womack

Good morning and welcome to the first public hearing of the Joint Select Committee on Budget and Appropriations Process Reform.

Established by the Bipartisan Budget Act of 2018, our panel of 16 members is charged with the task of significantly reforming the budget and appropriations process.

Prior to this hearing, our panel has met twice to start the conversation and identify the problems.

While this select committee is comprised of a diversity of political thought, we have clearly shared a common goal from the start.

We believe that the current process is not working, and reform is long overdue.

Perhaps the most visible sign of dysfunction is that Congress has not followed regular order for the budget process for more than 20 years.

Fiscal year 1995 was the last time Congress passed a budget conference agreement, followed by all of the separate appropriations bills, before the beginning of the fiscal year.

Since then, it has become commonplace for Congress to rely on short-term funding measures and continuing resolutions in order to avoid government shutdowns. And even those efforts have not always been successful.

It is our job to keep the government’s lights on, and we have failed to do so five times.

The most important role given to Congress under the Constitution is the power of the purse. This panel is charged with ensuring we can fulfill this essential duty.

It is no mistake that our Constitution begins in Article I by describing the powers and role of the legislative branch.

And I believe that any proposals of this panel should affirm the distinct role intended by our Founding Fathers. Congress should always be at the center of deciding budget and spending issues for our nation.

While respecting the role of the other two branches of government, any recommendations from this committee should reflect improvements to the congressional process rather than offer prescriptions for specific budgetary outcomes that benefit Republicans or Democrats.

Our goal is to ensure a framework that works regardless of what party holds the majority in either chamber of Congress.

And it is my hope that we can come to agreement on recommendations and ultimately develop legislation that significantly reforms the budget and appropriations process.
If we can design a better budget process to allow Congress to more effectively put forward its proposals, the budgetary outcomes will ultimately be returned to the American people through elections.

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So in the coming days and weeks, it is important that we quickly and thoughtfully move through our work.

As we identify possible solutions, I urge my colleagues to bring up proposals that encourage and incentivize the completion of budget and appropriations work on time.

In recent years, there have been four 2-year budget agreements. Our work should build on this trend, developing an overarching framework for Congress and ensuring certainty for funding decisions earlier.

I look forward to today’s discussion with experts on the advantages and disadvantages of various fixes.

Today, we have two esteemed witnesses to help us talk through ideas for solutions.

I am pleased to welcome Dr. Douglas Holtz-Eakin, who was appointed as director of the Congressional Budget Office in 2003 and led the agency for nearly three years. He has served on President George W. Bush’s Council of Economic Advisors, and he is currently president of the American Action Forum.

Also joining us is Martha Coven, who previously served at the Office of Management and Budget and at the Domestic Policy Council during the Obama Administration. Prior to her work in the Executive Branch, she spent several years at the Center on Budget and Policy Priorities. She is currently a Lecturer and Visiting Professor at Princeton University.

Thank you, and with that, I yield to my co-chair, Ms. Lowey.
Co-Chair Lowey. And I would like to say thank you and welcome to Co-Chairman Womack, all of our members and witnesses, to the first public meeting of the Joint Select Committee.

We all have our discontents with the budget process. Having recently emerged from the marathon negotiations over the 2018 omnibus appropriations package, I would put at the top of my list not enacting spending bills until the fiscal year is half over, our reliance on numerous short-term continuing resolutions, and appropriations getting bogged down by extraneous issues.

But the process itself, which has served Congress well in the past, is not the fundamental cause of all these problems. The root cause of our current situation has much more to do with deep policy disagreements, often over issues that shouldn’t be part of appropriation bills and a lack of political will.

Procedural reforms alone are insufficient. But perhaps an improved process could facilitate reaching and implementing agreements when there is the will to do so. And perhaps changes to the process could help change some norms and expectations about how we function. It is well worth consideration.

What kinds of problems should we be tackling? I would like to find a way to reach much earlier agreement on topline totals we need in order to make serious progress on appropriations bills. Among other things, that would make consideration of appropriation bills in the House and Senate much more meaningful as we would be working with common totals and bills more likely to be enacted, rather than leaving all that to the last minute.

I would also like to find a better way of handling the debt ceiling, a process that currently serves no useful purpose but invites brinksmanship that menaces our economy. And I would like to find ways to once again make budget resolutions more meaningful and more useful.

I look forward to working with my colleagues on this panel and to making progress on the task we have been given.

Thank you.

[The prepared statement of Co-Chair Lowey follows:]
CO-CHAIR LOWEY OPENING STATEMENT:

Organizational Meeting Followed by Hearing On: Opportunities to Significantly Improve the Federal Budget Process

Washington, D.C., Tuesday, April 17, 2018

As prepared for delivery—Joint Select Committee Co-Chair Nita M. Lowey

I would like to say thank you and welcome to co-chairman Womack, all of our members, and witnesses to the first public meeting of the Joint Select Committee.

We all have our discontents with the budget process. Having recently emerged from the marathon negotiations over the 2018 Omnibus appropriations package, I’d put at the top of my list not enacting spending bills until the fiscal year is half over, our reliance on numerous short-term continuing resolutions, and appropriations getting bogged down by extraneous issues.

But the process itself, which has served Congress well in the past, is not the fundamental cause of all these problems. The root cause of our current situation has much more to do with deep policy disagreements—often over issues that shouldn’t be part of appropriations bills—and a lack of political will. Procedural reforms alone are insufficient, but perhaps an improved process could facilitate reaching and implementing agreements when there is the will to do so. And perhaps changes to the process could help change some norms and expectations about how we function. It’s well worth consideration.

What kinds of problems should we be tackling? I’d like to find a way to reach much earlier agreement on the top-line totals we need in order to make serious progress on appropriations bills. Among other things, that would make consideration of appropriations bills in the House and Senate much more meaningful, as we’d be working with common totals and bills more likely to be enactable—rather than leaving all that to the last minute.

I’d also like to find a better way of handling the debt ceiling—a process that currently serves no useful purpose but invites brinksmanship that menaces our economy. And I’d like to find ways to once again make budget resolutions more meaningful and more useful.

I look forward to working with my colleagues on this panel, and to making progress on the task we’ve been given.
Co-Chair WOMACK. I thank the Co-Chair.
We are in the opening statements' portion of this hearing, and we will alternate House and Senate and Republican and Democrat. And with that, I will yield 5 minutes to the gentleman from Georgia, Senator Perdue.

Senator PERDUE. Thank you, Mr. Chairman.
I really am honored to be a part of this Select Committee. I don't think there is anything this year that we are going to do that will have a longer-term potential impact on the fiscal nature of our country and our ability to do what we all want to do. We are losing the right to do the right things financially.
First of all, my learned opinion after the last 3 years of looking at this very, very closely is that our budget, and I am going to include our funding process in the United States Senate, is totally broken. While our appropriations process in the House indeed does work, I agree with the Co-Chair, Mrs. Lowey, that the lack of will keeps us from doing many things in the Senate.
But I will argue this, that the budget process itself is totally broken. April 15 was this past Sunday, 2 days ago. It is a date that, in the Senate, we are supposed to have, by statute, we are supposed to have the budget complete. We haven't even talked about the budget yet this year, and I indeed believe we will not do a budget this year, just like we didn't do a budget last year and we didn't do a budget the year before.
In 2015 we did a budget in the Senate. It took $7.5 trillion out of the future expenditures of the federal government. But it was fake, it was partisan, and it only lived for 4 months. It was waived in order to do the grand bargain so that we could fund the government that fall.
The next year we deemed a budget so the Republicans could get to reconciliation and do what they wanted to do at 51 votes under the reconciliation law. Then last year we did the same thing. So we attempted healthcare, we attempted taxes all under reconciliation, which is part of the budget process. In my opinion, reading the Budget Act of 1974, that is a bad way to use, that is it is an improper use of the reconciliation rule.
But the reality is that results speak for themselves, Mr. Chairman. Our budget process has only funded the government four times by the end of the fiscal year in the last 44 years since the 1974 Budget Act was put in place. Four times. Actually, the federal government has been closed down 20 times in the last 44 years because Congress did not fund the government by the end of a due date, either the fiscal year or the end of a continuing resolution.
We are supposed to in the Senate, since 2000, we are supposed to appropriate 12 appropriation bills a year. The truth is we have only averaged 2½ appropriation bills being put on the floor of the Senate and passed in the Senate over those 44 years, an average of 2½ out of 12.
Mr. Chairman, I would argue that there is no way anybody can argue that this process does not need dramatic revitalization. As a matter of fact, I think it takes a zero-based budget approach to the budget process itself, and that is a clean-page approach.
We are indeed in a crisis financially. We just passed $21 trillion. I would argue that we will not solve the debt crisis unless and until we solve this budget process and funding crisis that we have today.

In my opinion, other countries have to fund their government on time. And many countries, their constitution says that if you don’t fund the government by the end of the current fiscal year, they dissolve that particular government and they form another one.

I just believe that we have release valves in our system here that allow us in the Congress to not do our duty. The number one responsibility of the U.S. Congress is to fund the government. Article II very clearly lays out the responsibilities of the executive branch. Nowhere in there, in those itemized responsibilities, is to be involved in the funding of the government or, indeed, providing budgetary advice. The OMB Act of 1921 in many ways, in my view, violates that Article II piece of the Constitution.

And so when I look at where we are today, we don’t even start this process until we get an executive branch budget. I think that is wrong. I personally believe there is no higher calling right now for the United States Congress than to finally face up to the failure of this Budget Act of 1974, take a clean page approach, and finally, once and for all, develop a politically neutral platform that allows us to fund the government on time without all this drama and without creating crisis for the rest of the world regarding what are we going to do in terms of funding the federal government the next year.

Thank you, Mr. Chairman.

Co-Chair WOMACK. I thank the gentleman.

The Senator from Rhode Island, Mr. Whitehouse.

Senator WHITEHOUSE. Thank you, Chairman. Thank you to you and your Co-Chair, Representative Lowey, for your leadership of this group. I hope that we are able to be effective and to discharge our duties here.

I note that we are both Senators and House members, and the Senate and the House have different perspectives and different procedures. And the problem areas are budget and appropriations, and budgeters and appropriators have different procedures and perspectives.

I do believe there are some commonalities. I think we can probably agree together that a 2-year budget cycle makes more sense. We could perhaps even agree that a 2-year appropriations cycle, perhaps staggered year to year, might make some sense.

We can perhaps agree that the executive branch doesn’t need to have a formal role in the budget timeframe and process, that there is plenty of political interaction to take place so that we don’t need to boil that into our scheduling.

But I would just like to say a few words from my perspective as a Senator who sits on the Senate Budget Committee.

I would concur with Senator Perdue that the Senate Budget Committee process is completely broken. It became ineffectual when the Senate went to a 60-vote baseline for virtually everything, and the penalty for violating the Senate budget is 60 votes. A fence that is at the level of the ground is no fence at all.

Moreover, the Senate Budget Committee is the mechanism for the delivery of reconciliation, which has been morphed over the
years away from its original purpose to become a general partisan delivery system. Both sides, I think, need to stand down on that and redirect the Senate Budget Committee to a budget process.

Now, in order to do that, I think there are some baselines that we have to achieve. The first is that we have to create within the Senate Budget Committee at least the possibility of a bipartisan process. Everything about the Senate process right now pushes towards partisanship. We need to create a rule that provides the option of traveling a bipartisan road.

If we can get over the hurdle of bipartisanship, then there are some other things we need to consider. If we are going to look at debt and deficit, we have to comply with the mathematics of debt and deficit, which means you have to look at appropriated spending, you have to look at healthcare spending, you have to look at tax spending, and you have to look at revenues.

If you are not looking at all of them, you are necessarily mathematically incomplete, and it is virtually impossible to get anything meaningful done.

I think everybody who has ever been before the Senate Budget Committee has agreed that debt to GDP is the measure of safety with respect to long-term debt and with respect to regular deficits. So we need to do the basic task of deciding, and I think we can do this, bipartisan fashion, what is a fair and sustainable debt-to-GDP ratio.

And then how long is it going to take us to get there? You don’t land a plane by driving it straight down to the ground. You have a glide slope. And we need to have a glide slope. And what should that glide slope be? That is something I think we can also agree to.

And then what are the warnings that let you know you are off your landing path, that you are not on the glide slope? I think we can install those as well.

If we have a bipartisan path that considers all those elements, tracks us towards a sustainable debt-to-GDP ratio, and warns the public when we are off course, I think we will have accomplished a very significant task, and the Senate Budget Committee will once again be somewhat useful.

I would close by echoing what Representative Lowey said about the debt ceiling. I see the debt ceiling as like somebody who put a bear trap in their bedroom. And they know they are going to get up in the night, and if they are lucky, their best-case scenario is that they avoid the bear trap.

There is no good that comes out of having that bear trap in the bedroom. There is the chance that you step in it, and if they are lucky, their best-case scenario is that they avoid the bear trap.

If we can build through this process some sense of public confidence that we have a track towards a sustainable debt-to-GDP ratio, then perhaps we can undo this completely unhelpful, completely manipulable, and dangerous debt ceiling process that we go through, which appeals to the nature of our very worst angels.

So with that, I look forward to working productively with everyone. I do think it is important that we understand that the Senate operates a little differently from the House, and budget folks have different perspectives from appropriators. And we all need to pull
together to try to come up with something that can solve this problem.
I think it is very doable, and I look forward to joining all my terrific colleagues in doing it. And I thank you both for your leadership.
Co-Chair WOMACK. Thank you, Senator.
Based on order of arrival, the next opening statement will be given by the gentleman from Texas, Representative Arrington.
Representative ARRINGTON. Thank you, Mr. Chairman and Chairman Lowey, for your leadership to take on this daunting task. I am grateful to join my distinguished colleagues in solving what I believe is not a fundamental, but the fundamental problem for Congress, the budget and appropriations process.
We all start with one thing in common. We believe that the process is broken, and I believe we are all truly committed to fixing it and doing it in a bipartisan and bicameral fashion, not just for our institutions, respectively, but for the American people, more importantly. Because if there is one area that I think highlights that Congress plays by a different set of rules than the American people, it is certainly the budget process.
All someone has to do is review the tape of the past reform efforts, we went over that in painful detail last meeting, and look at the budget outcomes to appreciate the abysmal failure of past reform efforts and the Herculean challenge we have to implement any meaningful reforms in this one.
If we don’t do something to improve our situation, we will not only fail our frustrated colleagues and ourselves, we will fail our children. As a new member and a new generation policymaker, I am convinced that getting to the right budgetary outcome and the right budgetary process is the challenge of the 21st century. And if we stay on the current trajectory, I believe that it is the biggest threat to our nation’s future. I don’t think I could overstate that.
Whether your priorities include infrastructure and the benefits to our economy in that regard, or the food supply and the Farm Bill safety net that we are working on, I believe that is important to food security, and R&D, as a former Vice Chancellor for research, I know that helps our global competitiveness, the list goes on and on. We all have our list of what we believe are national priorities. I think we would all agree on national defense.
But it is all going to be in jeopardy if we, God help us, enter a sovereign debt crisis, not to mention the terrible economic conditions we will thrust on the next generation of Americans if we don’t do something.
I don’t think that an external threat is going to take this country down. And when I say down, I mean lose our exceptionalism. I think it is going to be like most great civilizations, I think our most formidable foe is ourselves. I think it is our inability to govern ourselves, in many ways, but I think this being the greatest example. This inaptitude for self-governance, self-restraint, self-discipline is highlighted, again, I think most prominently in this process.
So it seems to me that we are either going to make the sacrifices that other generations have made and muster the courage to put our country’s interest ahead of our own political interest, or we are not going to have a choice. The harsh and indiscriminate realities
of a sovereign debt crisis will force us to make the changes that we must make.

And that is a sad state of affairs, that we know the train is heading for a collision. We know probably, I think collectively, we know what needs to be done. Will we have the courage to do it? Even in this group, even among this committee, will we have the collective courage to do it?

Because if we do wait, we will have lost that privilege, that unwritten pledge that we made when we took this office to hand this country better than we found it to our children and grandchildren.

What is our mission? I think, Mr. Chairman, we should start with what is our task at hand? And it should be something that we should be able to attain, but something that is aspirational at the same time, and we will have to figure out the balance of the two.

But it is simply to ensure a process that results in timely and continuous funding for our government instead of this stopgap shutdown show that we have seen that you guys have described and my friend, Senator Perdue, described in his opening statement. I think the other component, I hope we can get there, I believe we can, is to not just focus on the process, but to ensure that we have the process, mechanisms, and incentives in place for responsible and cost-effective budget outcomes. I hope we can do that.

We have to learn from history. We have to learn from our own experiences. But I believe fundamentally, and I hate to say this, but actually I am going to lump myself in this, but Congress as a whole and by nature I don't think has the collective will to do this. We have to find ways to align incentives. And if we do that, I think we will be successful.

I will yield back.

Co-Chair WOMACK. I thank the gentleman.

Next to the Commonwealth of Kentucky and the Ranking Member on the House Budget Committee, the gentleman, Mr. Yarmuth.

Representative Yarmuth. Thank you very much, Mr. Chairman. And I want to thank you and Co-Chair Lowey for getting this process off to a very good start.

As I said in one of our initial meetings, I think it is key that we focus on defining the problems we are seeking to fix. And from the tenor and the substance of the opening remarks that I have heard from our members so far, I can see where this is going. This is going to be a situation in which everything will have been said but not everybody has said it.

And I think that is actually very encouraging, because I think it shows that this committee is committed to a very serious non-partisan approach to solving what is a very difficult problem. And I find that very encouraging.

I think it has been said several times already that whatever we propose should not be aimed at some kind of a philosophical result or any kind of outcome. And I think that is very positive in the way we ought to approach it.

I just have a couple of thoughts that have occurred to me, and having been on the Budget Committee now for almost 10 years, one of the things that I think is very important is that most people when they look at the federal budget think of it as in terms of the
context that they see elsewhere, a corporate budget, a personal family budget.

And I think this is a mistake. I think a governmental budget is something that is very, very different from a business budget and from a personal family budget.

In the government, we have a responsibility for coming up with a budget, but we are not the managers. The managers are the voters.

We are also not the customers. The voters are the customers. And we have to figure out what they want us to do. Of course, that is part of our campaigns.

But it is a very different perspective when we are trying to figure out what is an appropriate level of spending for which categories when we are not the ones who are actually finally ratifying our choices.

And the other thing that concerns me, and Senator Whitehouse mentioned this as well, is that in practice revenues have been totally detached from the budget process. And if you are in a business, as I have been, when you are thinking about what you want to accomplish in your business, other than making money, you think about, first, what you want to accomplish.

I was in the newspaper business. I decided on what kind of product I wanted to produce, and then I decided what resources were necessary. If there weren’t enough resources, I hired a new sales manager or a new sales representative who would go out and try to generate more income.

And I don’t think we can view government quite the same way, but we also can’t ignore the fact that revenue is a very critical part of what we do. And this process, at least as long as I have been involved in it, has totally ignored revenue as a component of the budget.

When we put out an alternative budget last year and the year before that, the Democratic budget actually called for increased revenues, and of course that lead to political challenges from the other side. And I don’t expect to hear that in this process.

But that, I think, is something that we cannot fail to recognize, that as much as expenditures are important, we have expectations that our managers place on us. They know what they want government to do for them. And we have to figure out not only how to allocate money for those responsibilities, those functions, but we also have to figure out how to generate the revenue as well.

So once again I am very encouraged by the tenor of the discussions so far in our prior meetings and today, and I look forward to a very productive process.

I yield back.

Co-Chair Womack. Next to the State of Iowa and the distinguished Senator, Ms. Ernst.

Senator Ernst. Thank you, Mr. Co-Chairman. And I truly am thrilled to have the opportunity to serve on this committee.

The most fundamental role of Congress as laid out in Article I, section 8 of the Constitution is to raise revenue and fund the federal government. And, unfortunately, Congress has consistently failed to execute this responsibility in a timely or an effective manner.
As noted before, since 1974 Congress has only passed all of its appropriations bills four times. Over the past 20 years we have passed a budget resolution only 11 times. And since 1999 we are averaging five continuing resolutions per year. Five per year.

Unsurprisingly, our dysfunctional process has also yielded dysfunctional outcomes, growing deficits and $21 trillion in debt. This ineffectiveness is not only bad governance, it is a threat to our national security.

Our reliance on continuing resolutions has a devastating effect on our military. As a result of our continued reliance on continuing resolutions, only 3 of the Army’s 31 brigade combat teams are capable of deploying immediately to conflict. During continuing resolutions, the Army has $400 million less per month in their operating accounts.

Richard Spencer, the Secretary of the Navy, has said that inefficiencies stemming from continuing resolutions have consulted in $4 billion in waste for the Navy since 2011.

Our constituents deserve better than this cycle of governing crisis to crisis, and I look forward to working with my colleagues in a bipartisan manner to put in place reforms to get our budget and appropriations process working again.

Again, I am thrilled to have the opportunity to spend this time with my colleagues working towards, again, a bipartisan fix to this very devastating situation.

So again, thank you, Mr. Co-Chair. And I will yield.

Co-Chair WOMACK. The gentleman from Colorado, Senator Bennet.

Senator BENNET. Thank you, Mr. Chairman. And thank you and your Co-Chair for such an encouraging start. I appreciate the comments of my colleagues.

When I first came to the Senate, I was a little more optimistic than I am today about the ability of Congress to deal with our long-term fiscal challenges. By coming together, I thought we would figure out ways to pay for investments in the future while curbing spending to stay within our means. In other words, I thought there was a bipartisan commitment to do for our kids and grandkids what our grandparents had done for us.

Unfortunately, as we have heard today in a bipartisan way, Congress has excelled over and over again taking the path of least resistance. We have had, I think by my count, roughly 39 continuing resolutions since I became a member of the United States Senate.

And following recent tax and spending decisions by Congress, we are now on a path to have the largest deficits outside of a recession since World War II. The Congressional Budget Office now projects that even as we are approaching full employment we will have deficits approaching $1 trillion next year and on track to grow every year after that.

At some point, the growing gap between spending and revenue will catch up with us if we don’t do anything and will certainly catch up with the next generation of Americans.

In the meantime, we are grinding down the parts of our government vital to our future—education, innovation, infrastructure, and efforts to reduce child poverty—and we are putting at risk the obli-
gations we have made to our seniors, our veterans, and most vulnerable, including Medicare, Medicare, and Social Security.

Mr. Chairman, I am under no illusion that reforming our budget process is a silver bullet to address the toxic levels of partisanship that seem to infect, for no good reason, everything we do around here. And no process reform can produce the political courage needed to take on the tough fiscal challenges that we face. But I do believe this committee can make important bipartisan progress and demonstrate leadership.

I hope that we will work in good faith. We have a rare opportunity to do that on this committee. My hope is that all of us will keep an open mind and remain constructive in the face of hard and inevitable differences.

Here are a few areas that I think we could think about working together.

We might create more predictability for appropriators by putting in place a 2-year cycle for topline discretionary spending levels through so-called biennial budgeting.

We will also need to come up with reasonable enforcement mechanisms that are a constructive push for us to act within deadlines.

We should consider creating an appropriations process that is more predictable and inclusive, one that encourages bipartisan work, not partisan work, and limits the meaningless showboats that have become an unfortunate tradition around here.

Lastly, we should de-weaponize the debt limit. Senator Schatz and I have a bill to eliminate the debt limit entirely since it serves no purpose other than risking default. I am open to considering alternative mechanisms to focus our attention on our actual fiscal problems while eliminating the threat of default once and for all. We should be responsible when we decide revenue and spending levels instead of trying to walk out on a bill when it comes due.

I look forward to working with you, Mr. Chairman, and all of my colleagues up here to see where we can make progress, to see where we can make a difference. And I hope that we can show the world that even in these troubled times bipartisan progress really is possible.

Thank you, Mr. Chairman.

Chairman WOMACK. The gentleman from Georgia, Mr. Woodall.

Representative WOODALL. Thank you, Mr. Chairman. I thank you and our Co-Chairman for our leadership here. I appreciate Speaker Ryan entrusting me with a spot on this committee.

My very first vote of significance, Mr. Chairman, that I took in this institution back in 2011, you will remember it, you were a freshman as I was, was the vote for the Budget Control Act that created the last Joint Select Committee that had a chance to make a difference here.

And I was so excited. We only had two Republicans in Georgia who supported that bill. I was so excited. I knew I was going to get defeated without question, but I knew I was going to have an opportunity to move the needle for our children and our grandchildren, which is what everybody has been talking about.

I can’t tell you the disappointment I had when that committee adjourned having agreed on absolutely nothing. Now, we entrusted, the Congress entrusted that committee with looking at the entire
budget over a decade-upon-decade-long window, and they couldn’t find a thing to do to make anything better for anybody.

I would tell you the men and women of that committee I am sure regret that today and found themselves in a political environment that made that difficult.

Mr. Chairman, everything I have heard from every member on this committee in the times we have gathered has led me to conclude we are not going to meet that same fate.

To my friend from Texas’ point, we have big, lofty aspirational goals that I hope that we will achieve. I believe that we can.

But we also have those areas of fundamental agreement, as the Senator from Colorado pointed out, that we absolutely can achieve. There are some floors on our success as well. And I recognize that this is an opportunity that many of us came to Congress to be a part of, doing those things that otherwise would be unable to be done.

And I want to encourage my colleagues. We talk about our current situation as if we are experiencing something that no generation before us has experienced, as if we are the first ones to overpromise and underdeliver, to cut taxes while promising new benefits.

I will remind everyone of the story of Ida May Fuller, the very first woman to ever receive a Social Security pension. Those were our colleagues in 1935 that made those promises on behalf of a nation.

And Ida May Fuller worked for 3 years under the Social Security system, paid in just over $24 in her 3 years. Her very first Social Security pension check was for just over $22, and she received that benefit over a lifetime that ultimately paid her almost $23,000 in Social Security benefits.

So lest you think that our track record together is not that praiseworthy, I will tell you, we have not made $22 commitments for which we have paid out $22,000 in exchange. This has long been a problem. And much of the burden that is on us today is to solve problems not that we have created, but that previous generations of Members of Congress have created. And I am pleased to be a part of that.

I appreciate the discussion of a glide slope forward, that we are not going to be able to get this all done overnight.

But I think back to the Social Security amendments of 1983, another big vote that folks thought they would lose their seats over, restored solvency to the Social Security trust fund for decades, raised taxes, reduced benefits in many cases, but took effect far enough out into the future that folks had a chance to plan.

I have read the testimony of both of our witnesses. Both suggest that we have process problems, flawed processes produce flawed products, and process problems that lead us to tools that were supposed to be productive and we use them in gimmicky fashions today.

I think that much of our job, Mr. Chairman, is to build trust. I have often commented on Chairman Lowey and the trust that she builds on the Appropriations Committee, and we have a chance to do that.
I would just close with a cautionary tale, though. I have never served on the United States Senate. I have spent a decade as a chief of staff on the House side, a decade as a member. I don’t have any idea the challenges that go on in the United States Senate. But I hear the mention of the debt ceiling over and over again. You know, on the House side, that provides a minority voice opportunity in ways that otherwise the minority has no voice on the House side. Whether you are in the Progressive Caucus or whether you are in the Freedom Caucus, a debt ceiling conversation allows a stop in the process and requires that folks come together. Every single debt ceiling increase, Mr. Chairman, since you and I have come to Congress has resulted in moving the needle for more responsible spending or more responsible governing, every single time.

I think we have to think through those challenges that obviously create lots of headaches. But sometimes those headaches are designed to create opportunities.

And I yield back.

Co-Chair WOMACK. The gentleman from Washington, Mr. Kilmer.

Representative KILMER. Thanks, Mr. Chairman. And I thank both of our Co-Chairs for your leadership on this.

In the fall of 2012, I came to freshman orientation. I was elected for the first time. And they had a presentation from the Congressional Research Service to talk about how the budget process works.

And after explaining the rules and the timelines in tremendous detail, they then said, “But it never actually works that way. Let us tell you how it actually works.” And I understand you have a similar experience teaching at Princeton.

I have only served in Congress for 5 years, but I have spent a lot of time over the last few weeks trying to think through the budget process as I prepared to serve on this committee. And I think I have an idea why Congress doesn’t follow the 1974 Budget Act, and it is because it would require Congress to make tough choices. And it is a whole lot easier to simply waive the rules.

They tell me the last time Congress passed all 12 bills into law before the expiration of the fiscal year was back in the 1990s. And to me what that means is that no one in a position of leadership today feels like they are opening themselves up to any sort of criticism if they stray from the budget rules.

Here we are 2 days after the Budget Act says Congress was supposed to have passed a budget resolution, and there is no uproar. There is no downside to having failed the act. It has, in fact, become an expectation that Congress won’t follow the budget rules. And that seems like a problem.

But I think it also creates an opportunity. If we are able to recommend some reforms and if congressional leaders from both parties support these new budget rules, then hopefully it will create some accountability and some pressure to follow those rules next year when the new Congress is sworn in.

And that is not to say that a new budget process will lead to significantly better fiscal outcomes right away. I don’t think this com-
mittee will be able to balance the budget or put us on a quick path to eliminating our deficit and paying down our debt overnight.

But I do think there are very real problems that we can solve, and those are shutdowns, the threat of shutdowns, the persistent use of long-term continuing resolutions to fund the government.

And we are going to hear from one of our witnesses today that those are wasteful and inefficient and destabilizing to our economy and unfair to our federal workforce and unfair to our military. And I think we have got to stop playing that record.

I think there are a few principles that should guide the work that we are doing as we work toward those goals. First, whatever the budget process we put down on paper, in my view, should reflect the reality of how Congress actually works.

I have only served in the post-BCA world where the budget resolution is purely a messaging and political exercise that is, frankly, largely a waste of time in a Congress that has plenty of opportunities for messaging and political efforts.

The real budget process that I have seen involves Congress coming together on a bipartisan basis and passing a 2-year budget law and then working within that framework. And it seems like we should decide which of these paths we want to follow and have a process on paper that reflects that.

Second, we should empower the independent, nonpartisan budget organizations. Someone needs to call balls and strikes. And we should do everything we can to insulate the CBO from the excessive partisanship that seems to have affected every other part of our legislative system.

And, third, we should have a budget that is as honest and as transparent as possible. Congress may need gimmicks to get over the line, but it shouldn’t rely on them to make the process work.

So as we consider ideas for reform, I think there are a few things that we ought to avoid. First, inducements or incentives to actually be positive and not negative. We have already seen what happens when Congress puts a gun to its head. It ends up pulling the trigger. And I can’t think of a single trigger that we could design to force action that wouldn’t end up being some faction’s preferred policy outcome.

On top of that, I think we should create incentives for action, not inaction. Given the option, Congress always seems to want to kick the can and avoid hard choices.

And the last thing we need to do is create a process that incentivizes delaying difficult decisions.

And I want to close by saying that I approach serving on this committee with genuine hope and excitement that we can make a positive difference. I have had a chance to meet with and talk to many of you who I am serving with on this, and I hope to get to know all of you better as we undertake this work together. I think it is really important.

And I thank you, Mr. Chairman. I yield back.

Co-Chair WOMACK. I thank you the gentleman;

Let’s go to Oklahoma now, and the Senator from Oklahoma, and my classmate, James Lankford.

Senator LANKFORD. Thank you, Mr. Chairman.
I had folks in Oklahoma that I visited with a couple of weeks ago in a townhall meeting. I tried to describe this process to them, and they said, “What are your thoughts on the success of this process?”

I said, “I am in the early optimistic phase of this,” that we are all together, we are all nodding our heads saying something needs to be done. Ask me again in July how we are doing, because at some point we will move from larger concepts of recognizing problems to having to fight through how do we actually get to a solution on this.

The problems are fairly obvious to us. In fact, it has been obvious for decades. As one of our witnesses today will mention, I am sure, today is April the 17th, 2 days past when the budget is required to be done by Congress, yet the Congress hasn’t even taken up the budget much less actually passed it.

We have clear issues that we continue to face with the deadlines and the structure as it exists. Eighteen of the past 20 years, we have had an omnibus bill. We are not even trying to be able to go through the process.

What is interesting is to be able to see the history of this. This is not something new. But the battle over leaving it as is or saying that we need to actually have major changes is something that we have not only seen, but it seems to be every time the solutions seem to be the same, and we are reoccurring those over and over again.

For instance, Senator Byrd, who was the Chairman of the Senate Appropriations Committee in the 1990s, made the comment that there is not a need to make a change in the budget process because the Senate always gets its 13, at that time, 13 bills done expeditiously, was his words, and so there is no need to be able to change the budget process.

At the same time, the Budget Committee was making bipartisan recommendations to be able to make major changes to the budget process.

I would expect that would occur again. There will be individuals that will stand up in this body and say, “Things are going fine, we are still open, we are still functioning,” while this body stands up and says, “No, there are major changes that are needed, this is not working.” We are going to have to be able to work through that.

Most of these issues are not new to us. As I have gone back through the history, as most of the members of this committee have already done as well, and as we walk through as a body together, we have seen some very basic things. Biennial budgeting. Do we need to do this every 2 years? How does the appropriations process work into that? Does the leadership committee need to be able to take the lead on forming the budget, or do we need to have a Budget Committee determine that?

The big fight between authorizing and appropriating that only makes sense in Washington, D.C., continues to come up decade after decade in the arguments, but yet we have still not resolved that. How many bills should come to the floor? How should those bills come to the floor? What is the process for the Finance Committee? Do they engage with that in Ways and Means?

The oversight committees and the lack of oversight from the appropriations process. I can’t tell you what it is in the House right
now, but I believe the Senate did exactly zero oversight committees on anything in appropriations last year. With over a trillion dollars in spending, you would think we could work in at least one oversight hearing through that process.

The CBO was designed to be a neutral balls-and-strikes arbitrator. It has become a great way to be able to game the system to be able to get done what you want to get done with fun rules like ChIMP and pension smoothing and whatever rules that may be devised to create a new way to be able to spend money, not to actually be able to get insight and information. CRs, government shutdowns, debt ceilings, all of those things all fall into the chaos of the system.

So my hope is that we can take the optimism that we currently have and the recognition that something needs to be done to look back at what has been discussed for decades and to say, how do we break through individuals who will say, “Everything is working fine because I still have power in the process,” and everyone else saying, “No, this process is broken”?

Just for the House Members that are here, let me describe the Senate appropriations process that I have the joy to be able serve on the Senate Appropriations Committee.

The bills come to the Subcommittee—out of the Subcommittee—and you get the text of it the night before. You can't get it digitally, because if you got it digitally, you could search it.

You get the text if you go into a room, much like you are going into a classified setting, to be able to flip through the text of that, and then you vote on it with no amendments the next day in the Subcommittee.

And then it comes to the full committee, and you fight off all amendments during the full committee process. And then you never see it again until it shows up in the omnibus bill.

By the way, may I mention, when it comes to the full committee and you actually vote on it in the full committee, each bill, you vote on it first, passing it up or down, and then amend it second.

The process is broken from the subcommittee process, the budgeting process, all the way through. And I would hope this is something that we can address and should address.

With that, I yield back.

Co-Chair WOMACK. To the great State of Hawaii, Senator Schatz. Senator SCHATZ. I thank the Co-Chairs for their great work. And I want to agree with almost everything that has been said. I have a couple of additional thoughts.

I think we should do this on an ongoing basis. We may want to consider doing this during every Congress as a good housekeeping for rules and process issues.

It took us decades to get where we are. And although I am optimistic, I am in the early optimistic phases of this process as well. I am not optimistic that we can fix this in a matter of months, and I think we have to be committed over the long run to iterate this.

We are in the beginning stages of the NBA playoffs, and the NBA has a Competition Committee that continually considers rule changes and brings those recommendations to the NBA’s Board of Governors for their approval. And I think this is a good model for
us. The Joint Select Committee should be just the beginning of a regular effort to develop reforms in our processes.

In terms of specific proposals, under normal circumstances I wouldn't repeat what was said before, but I want to reiterate my determination to deal with this debt ceiling problem. I see no benefit.

I understand what Representative Woodall is talking about in terms of giving the minority rights, but I think that is a broader question about the functioning of the House and Senate. And although there are sometimes some salutary effects, for both parties and both ideological perspectives, I think it is basically a trap for ourselves.

A couple of final thoughts. We are talking a lot about budget and appropriations and not a lot about finance and Ways and Means. We are very possibly the only legislative body left on the planet that divides budget, appropriations, and revenue in the way that we do. I don't think it is the main problem, but it is a quite convoluted way to do our business.

And the final point I will make is that success in this process depends on goodwill. The House has their Rules Committee in which they establish a rule for a bill, which usually deviates from the normal rules. And in the Senate, just to be clear, the only way the Senate functions and the only way the Senate has ever functioned is if you deviate from what they call the regular order.

We need unanimous consent on a daily and sometimes hourly basis to allow the Senate to function, and the only way you get UCs is if you have goodwill. So I want to be cautious about our instinct to establish new rules when, in fact, what we need in the Senate in order for things to function is the waiving of the rules on a regular basis.

But the reason that I am hopeful is that this process is the beginning of establishing trust and goodwill, and that is at least what will help on the Senate side.

So I yield back.

Chairman WOMACK. I thank the gentleman.

To Missouri, the distinguished Senator from Missouri, Roy Blunt.

Senator BLUNT. Well, thank you, Chairman.

And as my friend Mr. Yarmuth pointed out, everybody has said almost everything now, and with great commonality, actually, which is the interesting thing here. The tremendous sense of common purpose and an understanding that what we are doing now is just not working. We are down, essentially, to one bill that not only, as Mrs. Lowey pointed out, is the appropriations bill, but now is more and more the one big legislating bill.

And this really has to stop. We are in a situation now where, basically, four members of the Congress, the leaders of the House and the leaders of the Senate, maybe five, maybe possibly six, and a dozen staffers make way too many decisions in way too closed an environment with not nearly enough information. And all these bills always reflect how far afield some of those decisions have wound up in that environment.

At least the appropriators in the House and Senate get a chance to have input on the initial bill, and many questions are decided before they get to those four leaders. But bringing this down to one
vote, you have one vote on one bill to decide whether you are going to do all the things in that bill and try to weigh that balance.

The system was never designed that way. Early on, there was one vote on one bill, but it was a little bill that spent, what did we learn the other day, maybe $5 million was the funding of the government. And that is not the case.

The President then has also one decision. He gets a chance to sign that one big bill and keep the government operating or to veto that one bill.

This is a foolish position we have gotten ourselves in, and I think everybody understands that. Last week we had 229 years of congressional history in 36 minutes. But it was a pretty good reminder of just how this system worked so well for so long and has stopped working in recent years.

Today we have two really extraordinary witnesses who understand this process as well as anybody, Mr. Chairman. And thanks to you and thanks to Congresswoman Lowey for leading this effort.

Co-Chair WOMACK. And finally, to the great State of Texas and the Chairman of the House Rules Committee, Mr. Sessions.

Representative Sessions. Mr. Chairman, thank you very much. Much has been said here today that I completely agree with. I am just going to add my few comments. I am not sure it has all been said yet, but a lot has been said.

First of all, let me say this: I think we need to use the word “common sense.” I think we need to use the word “goals.” And I think we need to use the word “recommendations.”

I think that there is a cadre of things that we see. We should call them out. We talk about balls and strikes. There are about probably 200 pitches along the way that take place in not only the budgeting process, but the appropriations process, and I think we should delineate those.

I think we should have a good idea upfront about, what are our goals? What are our recommendations? What do we look at as common sense? Perhaps we can or cannot come to an idea.

The gentleman, Rob Woodall, spoke clearly about, not disagreeing with Mrs. Lowey or others, but about raising the debt ceiling. I think that that should be a huge stop sign. I don’t think it should be something that we should blow through and take as pro forma. I think we should expect that that is an important element for us to look at.

Once again, I will agree with Mrs. Lowey, but we have to do it. We cannot allow us to default. But we need to look at it, at what is the goal and what is the recommendation that we would receive out of it.

I think we should also include, and I intend to be a part of this, making sure that we put some delineation in about cost of non-compliance. A few people have talked about the real cost that happens to the United States Navy since 2011, us not accurately giving the government, in particular Health and Human Services, and in particular the United States military, their money day one.

I think it should come as a goal. I think it should come as a recommendation that the largest elements of the United States Government must be funded first. It must be a goal. It must be a recommendation.
And we should look at those items on a bipartisan basis, on a bi-
cameral basis, and with, certainly, the President of the United
States and Article II of a delineation that we believe would be com-
mon sense. And that is, giving someone that has $600 billion worth
of responsibility, that you must allow them that opportunity to ef-
fectively make plans, do the things that are in the best interest of
the country.
You can vote for it or against it, but we ought to decide that we
are going to do it day one.
The other areas, look, I would like to say, sure, we need to fund
all the other areas, and we should not drag that on. But the largest
items, I think, common sense should prevail.
Secondly, I think we should have an idea, and it has been spoken
about by our Republican and Democrat colleagues, that I am very
pleased to hear, but I think we should call it a pathway to balance.
What are we aiming at? We have used the terms, “can’t get there
overnight,” I agree with that. But I think we ought to have an idea
about a goal and a recommendation that we follow about how we
are going to proceed and not add to it.
Lastly, I am going to see if I can push to getting my arms around
a look at nonfunded or unfunded liabilities in the future. I think
we have got to be driven by facts that we all agree with. Instead
of saying, “Well, we didn’t get our work done, maybe the American
people did not expect us to do that,” I think that there has to be
some opportunity for us to understand why we are doing what we
are doing and that we make tough decisions.
I was elected to make tough decisions. We all were. I hope we
can use this time to effectively look at goals, recommendations, and
common sense.
Thank you, Mr. Chairman.
Co-Chair WOMACK. I thank the gentleman.
In the first hour of this first public hearing, you have heard from
14 of the 16 members of this Joint Select Committee, a very
thoughtful opening discussion of the challenges that we face and
the opportunities that lie in front of us.
I would like now to, again, welcome our witnesses, Dr. Holtz-
Eakin and Martha Coven. Thank you for your time today. The com-
mittee has received your written statements. They will be made
part of the formal hearing record. You will each have 5 minutes to
deliver your oral remarks.
At this time, I would like to briefly yield to the distinguished Co-
Chair, Mrs. Lowey, to welcome our first witness.
Co-Chair LOWEY. Well, thank you.
And it is such an honor for me to introduce Martha Coven, who
brings 25 years of experience working on domestic policy and the
federal budget, inside and outside of government.
She is currently a visiting professor, lecturer at Princeton Uni-
versity’s Woodrow Wilson’s School of Public Affairs. Ms. Coven
started her career as a staff member in the House of Representa-
tives, spent several years at the nonprofit Center on Budget and
Policy Priorities. She has a BA in economics, a JD from Yale.
And we look forward to hearing your testimony. Thank you for
being here today.
STATEMENTS OF MARTHA COVEN, J.D., LECTURER AND JOHN L. WEINBERG/GOLDMAN SACHS & CO. VISITING PROFESSOR, WOODROW WILSON SCHOOL OF PUBLIC AND INTERNATIONAL AFFAIRS, PRINCETON UNIVERSITY; AND DOUGLAS HOLTZ-EAKIN, PH.D., PRESIDENT, AMERICAN ACTION FORUM

STATEMENT OF MARTHA COVEN

Ms. COVEN. Co-Chairs Lowey and Womack and Members of this Joint Select Committee, thank you for inviting me to testify today. When I arrived at OMB, I had no idea I would soon acquire such skills as how to implement a midyear sequestration, including how to furlough staff; how to prepare to hit the debt ceiling; how to structure exception apportionments under protected continuing resolutions; and how to manage the government during shutdowns.

So much wasted energy has gone into tasks like that over the last several years. So I commend the Congress for forming this committee.

As a further sign that it is time to rethink things, I found myself earlier this year cutting dozens of pages from my syllabus. Teaching students how Congress assembles and enforces a budget resolution felt quaint, to put it mildly.

So my hope is that I have only temporarily lightened my students' load and that by this time next year they will be reading about the well-considered reforms you have produced.

Let me begin by offering a few reflections on the existing process. However imperfect a tool the Congressional Budget Act has become, it has left an important legacy. It has created the Congressional Budget Office, a neutral voice telling it straight to members of both parties. And more broadly, as the saying goes, plan beats no plan.

And the Budget Act has had a pretty good run. Its framework and complementary measures, like the PAYGO rule, helped guide Presidents and Congresses of both parties to a situation where we fleetingly had budget surpluses. So I would caution you against tearing up the existing rules until you are certain you have a better approach.

I will turn now to some specific recommendations for improving the process. So I will start with a caveat.

A wise colleague once observed to me that budget rules are much better at enforcing agreements than at forcing them. What we most need, as many of you have said, is for Congress and the President to set responsible fiscal goals and make tough choices.

With that said, there are three specific measures I would urge you to consider.

My first recommendation is to restructure the appropriations calendar to match the congressional calendar. It has become laughable to imagine that appropriations bills could be done by September 30.

Chronic delays in the appropriations process make implementation difficult and get in the way of a shared bipartisan goal of making the most efficient use of whatever funds are appropriated. Your jobs may be done when you finally pass the bills, but for everyone else, the work is just beginning.
Delays are frustrating, not only to federal agencies, but also to the many other individuals and institutions across the country whom we ask to carry out activities with those funds, including state and local governments, nonprofits, and private contractors. It is hard to make smart decisions or do good planning if you have to scramble midyear just to get the money out the door.

Nothing can fully prevent delays, but two steps would help restore regular order.

First, shift the federal fiscal year to the calendar year. Both Congress and the President take office in January, so it makes sense to treat that as the start of the budget year as well. You would have the full year to get your work done, and legislation does tend to get wrapped up in December as jingle bells start to chime.

Secondly, at the beginning of each Congress, both Chambers and the President should negotiate aggregate discretionary levels for the next 2 years. You have done this three times already through bipartisan budget acts, but not at predictable times or in standardized ways.

My second recommendation is to end the debt ceiling brinksmanship. Indulging in buyer's remorse at the point when Treasury has to pay the bills risks damaging our economy and harming vulnerable citizens.

And my third recommendation is to reserve reconciliation for fiscally responsible legislation. Reconciliation should be used for the politically difficult work of deficit reduction, not the politically convenient work of cutting taxes or increasing spending.

Let me close by echoing the comments many of you made in encouraging you to approach your tasks in a politically neutral manner. Efforts to stack the deck in a progressive or conservative direction will hamper your ability to carry out your mission.

Future Congresses need to retain the flexibility to make decisions about the appropriate levels of revenue and spending to meet the changing economic needs of their time and stay true to the people they represent. You can provide a framework for those decisions, but you can't make decisions for them.

To that end, I encourage you to set aside proposals that would establish rigid targets or enforcement mechanisms that aim to steer mandatory spending or revenues in a particular direction or to lock our nation onto a particular fiscal path without knowing what the future holds.

Thank you, and I look forward to your questions.

[The prepared statement of Martha Coven follows:]
Testimony of Martha B. Coven

Hearing on
“Opportunities to Significantly Improve the Federal Budget Process”

Joint Select Committee on Budget and Appropriations Process Reform

April 17, 2018

Co-Chairs Lowey and Womack, and members of the Joint Select Committee, thank you for inviting me to testify today. My name is Martha Coven, and I currently teach the federal budget process, among other subjects, to graduate students at Princeton University’s Woodrow Wilson School of Public & International Affairs. I previously served as a Program Associate Director at the Office of Management and Budget (OMB), overseeing the budgets of the Department of Education, Department of Labor, Social Security Administration, and several other agencies. Earlier in my career, I was a staff member in the House of Representatives. So I’ve experienced the budget process from both ends of Pennsylvania Avenue.

When I arrived at OMB in 2011, I had no idea I would soon acquire such skills as:

- how to implement a mid-year sequestration (including how to furlough staff);
- how to prepare to hit the debt ceiling;
- how to structure exception apportionments under protracted continuing resolutions; and
- how to manage the government during shutdowns, including how to determine when a situation has become so precarious that there is a threat to the safety of human life under the Antideficiency Act, allowing certain funds to be obligated.

So much wasted energy has gone into tasks like that over the last several years. So I commend the Congress for forming this committee, and all of you for seeking to improve the process.

As a further sign that it’s time to rethink things, I found myself earlier this year cutting dozens of pages from my syllabus. Teaching students how Congress assembles and enforces a budget
resolution felt quaint, to put it mildly. My hope is that I have only temporarily lightened my students' load, and that by this time next year, they will be reading about the well-considered reforms you have produced.

Reflections on the Existing Process

However imperfect a tool the Congressional Budget Act of 1974 has become, it has left an important legacy. To start with, it created the Congressional Budget Office, which has served for more than 40 years as a neutral voice telling it straight to members of both parties. CBO's contributions are essential to the integrity of the budget process.

More broadly, as the saying goes, plan beats no plan. It's better to have some budget framework, some rules, especially if the alternative is a completely aimless and unstructured process. The Budget Act has had a pretty good run, if you look back over time. Its framework and complementary measures like the PAYGO rule helped guide Presidents and Congresses of both parties through the 1990s to a situation where we fleetingly had a budget surplus, even. So I would caution you against tearing up the existing rules until you are certain you have a better approach.
Recommendations for Improving the Process

A wise colleague once observed to me that budget rules are much better at enforcing agreements than at forcing them. What we most need is for Congress and the President to set responsible fiscal goals and make tough choices consistent with the values of the American people. As important as the work of this committee is, it can only go so far in addressing that fundamental challenge.

That said, there are three specific measures I would urge you to consider.

1. Restructure the appropriations calendar to match the congressional calendar. It has become laughable to imagine that appropriations bills could be done anywhere close to September 30. Chronic delays in the appropriations process make implementation difficult, and get in the way of the shared bipartisan goal of making the most efficient, effective use of whatever federal dollars are appropriated.

Your jobs may be done when you finally pass the bills, but for everyone else involved in the process, the work is just beginning. The practice of not providing final funding levels until well into the fiscal year is frustrating not only to federal agencies but also to the many other individuals and institutions across the country whom we ask to carry out activities with those funds, including state and local governments, nonprofit organizations, and private contractors. It’s hard to make smart decisions or do good planning if you have to scramble mid-year just to get the money out the door.

I can also tell you from first hand experience that it is challenging to develop—and sometimes even release—a President’s budget for the coming year when Congress still isn’t close to finishing its work from the previous year.
Nothing can fully prevent delays, particularly when they stem from an inability to reach agreement across parties or between chambers. But two steps would reduce these delays and help restore regular order.

- First, consider shifting the federal fiscal year to the calendar year. Both Congress and the President take office in January, so it makes sense to treat that as the start of the budget year as well. You would have the full year to get your work done, and legislation does tend to get wrapped up in December, as jingle bells start to chime. There could still be delays in some years, particularly if control of Congress shifts or there is a newly elected President. But the delays would be shorter, which makes a big difference when it comes to implementation.

- Second, at the beginning of each Congress, both chambers and the President should negotiate aggregate discretionary levels for the next two years. You've done this three times already, through Bipartisan Budget Acts, but not at predictable times or in standardized ways. Make it one of your first orders of business to set the top lines and the appropriations process will go much more smoothly.

2. End the debt ceiling brinksmanship. Ordinary legislation is the proper instrument for making spending and revenue decisions. Indulging in buyer's remorse after the fact, when Treasury is poised to pay the bills, risks damaging our economy and harming vulnerable citizens. A sensible solution would be to eliminate the debt ceiling altogether, as experts affiliated with both political parties have proposed.

3. Reserve reconciliation for deficit reduction. Reconciliation should be used for the politically difficult work of deficit reduction, not the politically convenient work of cutting taxes or increasing spending. Making reconciliation bills filibuster-proof facilitates the enactment of deficit reduction legislation, which is hard to assemble and painful to pass, yet sometimes necessary. Using reconciliation to swipe the nation's credit card makes no sense. Congress
should return to the historical practice of requiring reconciliation bills to be fiscally responsible, by reinstating something like the Conrad rule.

More generally, I encourage you to approach your task in a politically-neutral manner. Efforts to stack the deck in a progressive or conservative direction will hamper your ability to carry out your mission. Future Congresses need to retain the flexibility to make decisions about the appropriate levels of revenue and spending to meet the changing economic needs of their time and stay true to the values of the people they represent. You can provide a framework for making those decisions, but you can't make decisions for them. To that end, I encourage you to set aside proposals that would establish rigid targets or enforcement mechanisms that aim to steer mandatory spending or revenues in a particular direction, or to lock our nation onto a particular fiscal path without knowing what the future holds.

In the end, there is no substitute for the hard work of identifying specific changes in tax and spending laws to guide our nation onto a fiscally responsible course. An improved budget process could be the icing on that cake, but it can't bake it for you.
Co-Chair Womack. Thank you, Ms. Coven.

Our next witness is Doug Holtz-Eakin, who has served in a variety of very important policy positions since 2001. During 2001 and 2002, chief economist for the President’s Council of Economic Advisers, where he also served as the senior staff economist. But most notably, from 2003 to 2005 as the sixth Director of the nonpartisan Congressional Budget Office.

He brings a wealth of experience in the subject matter before this Select Committee, and we are delighted that he has joined us here this morning on this panel.

Dr. Holtz-Eakin, the time is yours.

STATEMENT OF DOUGLAS HOLTZ-EAKIN

Mr. Holtz-Eakin, Chairman Lowey, Chairman Womack, Members of the Committee, thank you for the privilege of being here today. And let me open by simply thanking you for your willingness to serve on this very important committee.

I am a long-time observer of this very broken process, and everything I have heard today leaves me in the early optimistic stage as well. I hope I see you again later in a comparably optimistic stage and that your service turns out not to be thankless.

There are enormous budget problems. They take the form of both debt trajectory as a threat to this nation and a process that regularly threatens shutdowns of the government, brinksmanship over the debt ceiling, and I think it is important that everyone here recognizes that. I think that it is an important early sign.

We know that those problems will not be solved by process reforms alone, that, in fact, there will have to be some very important policy changes as well.

But in thinking about the process reforms, there really are two branches, and we have heard both of them today. I would urge you to pick early between radical reforms, clean pages, starting over from scratch, versus modifications of the Budget Act.

I am willing to entertain the former, but I think my experience leads me to suggest that on the timetables you have, the latter might be the way to go.

I would concur with some previous sentiment that those process reforms should be policy-neutral. This should not be a committee that stacks the deck for a particular set of outcomes, however much I might want one or the other.

And in my written testimony I have some suggestions, for example, in reformulating the baseline so that it is truly neutral between tax and spending decisions as you come to terms with the large debt problem.

And I guess I would echo what has now been said several times about the importance of building on success. There are things that the Congress and the President have gotten done in recent years, and they have been 2-year agreements on how to fund the appropriations and what the levels of spending will be.

Those are, perhaps, a sign that the budget resolution should be a 2-year resolution, that we should have something closer to a biennial budget. It is also true that the President has signed those agreements in every case.
Perhaps that is indication that it is time to move from a concurrent resolution to a joint resolution where there is agreement on budgetary totals, appropriations, mandatories, taxes, and the borrowing between the House, the Senate, and the White House, something that doesn’t happen right now.

I regularly tell people, the U.S. Government does not have a budget. It doesn’t have a fiscal policy. It doesn’t have any single document that everyone agrees on for how it will add up. Instead, we have budgetary outcomes, usually bad. And it is time to change that record. And so I think building on that success, I think, would be an important thing.

There is a lot of talk about different ways to manage internally the enforcement, carrots and sticks on getting things done. And there have been attempts at No Budget, No Pay, No Budget, No Recess, a variety of sticks.

I was encouraged to think about carrots in the process of preparing my testimony. I try not to think about vegetables very often, but I did. It is hard.

But it seems to me that there are some techniques that would be modeled on, essentially, the Gephardt Rule, which used to provide for deeming the debt limit as being passed when you pass the budget resolution, that would allow Congress to address some votes that are politically toxic, but which are real, like giving yourself a pay raise, which should happen and which is an impossible vote for anyone to take, and that if you pass a budget resolution, there would be a process to expedite those kinds of votes.

And I would encourage you to think about those things, because we do need to both fix the budget process, but we also need to fund the government and fund the people who make this government run in a timely and efficient fashion.

And so I thank you for the chance to be here today. I would say that I would be happy to aid this process in any way, not just at this hearing, but in the months to come.

[The prepared statement of Douglas Holtz-Eakin follows:]
Federal Budget Process Reforms

Testimony to the Joint Select Committee on Budget and Appropriations Process Reform

Douglas Holtz-Eakin, President
American Action Forum'

April 17, 2018'

*The opinions expressed herein are mine alone and do not represent the position of the American Action Forum. I thank Gordon Gray for his invaluable assistance.
Introduction

Chairman Womack, Chairman Lowey members of the Committee, I am pleased to have the opportunity to appear today. In this testimony, I wish to make a few basic points:

- The federal government does not actually formulate a fiscal policy, and the result is poor budgetary outcomes,
- Fiscal problems are not solved by process solutions alone, but process improvements can facilitate fiscal reforms,
- Process reforms can be radical, reorganize federal institutions, and directly affect the operation of programs; more modest – and likely more achievable reforms – can improve the presentation of and timing of fiscal policy decisions, and
- Even modest process reforms can contribute to reducing risks to the economy from budget-related disruptions.

Let me discuss each in turn.

The United States Does Not Have a Fiscal Policy

At present, the federal government does not have a fiscal “policy.” Instead, it has fiscal “outcomes”. The House and Senate do not reliably agree on a budget resolution, and when they do, the executive branch does not necessarily concur. Annual appropriations reflect the contemporaneous politics of Congressional compromise, and White House negotiation. Too often, the annual appropriations process is in whole or in part replaced with a continuing resolution. Annual discretionary spending is not coordinated in any way with the outlays from mandatory spending programs operating on autopilot. And nothing annually constrains overall spending to have any relationship to the fees and tax receipts flowing into the U.S. Treasury. The fiscal outcome is whatever it turns out to be – usually bad – and certainly not a policy choice.

The Congressional budget process is widely broken and does not engender regular evaluation of the fiscal health of the federal government. Indeed, the prima facie evidence of its failure is that fact that the executive branch regularly submits budgets that clearly display a path leading to a sovereign debt crisis, while the Congress as a regularly flouts the budget process set forth in the Congressional Budget and Impoundment Control Act of 1974. As a tiny piece of evidence, note that this hearing is being held two days after the deadline for passing the Congressional
budget resolution. Where is the outrage over the fact that there is no such resolution?

The budget process is intended to facilitate a regular and disciplined evaluation of the inflow of taxpayer resources and outflow of federal spending. It should enhance the role of the Congress as a good steward of the federal credit rating. It does neither because the current process is insufficiently binding. As a result, it easily degenerates to the mere adoption of current-year discretionary spending levels, or adjustments to the Budget Control Act (BCA) spending caps, with no review of the real policy problem: the long-term commitments in mandatory spending.

Defining the Scope of the “Problem”

The federal fiscal problem demands fundamental reforms to major mandatory spending programs – Medicare, Medicaid, Social Security, the Affordable Care Act – but those reforms have proven elusive due to fundamental policy disagreements among the public and their elected representatives. Every member of this Committee has their own views on the size and scope of the federal government and process reforms are no substitute, nor should they be, for that broader debate.

Meaningful process reforms can facilitate fiscal reforms but should be neutral with respect to policy outcomes. Process reforms should not serve as proxy for fiscal reforms, nor be viewed as favoring one type of fiscal outcome over another – those perceptions would undermine the effort for reform and further unravel the process by which policymakers address fiscal policy issues.

The challenge that this Committee should consider is the process problem, which I define as basic flaws in presentation of the fiscal outlook, as presented in the Congressional Budget Office’s (CBO) budget baseline and the routine avoidance of considering a budget resolution and the complete breakdown in the annual appropriations process. These challenges can be addressed through more radical reforms, or through more incremental amendments to the Budget Act and follow-on budget laws.

Alternatives Strategies for Process Reform

This Committee could take two approaches to addressing the process problem addressed above. It could consider reforms that fall well outside the jurisdiction of the Budget Committees and include reevaluation of fundamental budget concepts, to include reforms to programs (though not policy changes per se) and institutional reforms. Or, the committee could stay within the traditional jurisdiction of the Budget Committees and rethink the construction of the CBO baseline, and the budget process timeline as set forth in the Congressional Budget Act. While the
balance of this testimony will focus on the latter, the former approach warrants discussion.

This Committee could consider more sweeping changes such as eliminating the distinction between mandatory and discretionary spending – a change that in practice would amount to essentially sunsetting every major entitlement program. I do not have any illusions about the likelihood of this approach being enacted, but rather I pose it here for the purpose of illustrating the narrowness of the scope of the current budget process. This change would force Congress to come to terms with the 63 percent of federal outlays that have been effectively grandfathered into the national fisc and are not subject to meaningful annual oversight.

Another reform approach would be to elevate the Congressional budget resolution from a concurrent to a joint resolution requiring the president's signature. There is merit to this reform in that it forces Congress and the executive branch to grapple with fiscal policy matters beyond the enactment of annual appropriations bills. However, there is also reason to suspect that legitimate disagreements on fiscal policy will be insurmountable stumbling blocks. If so, this would contribute to problems with the budget process instead of improving it. In the other direction, this is the de facto current budgeting regime. The federal government has since 2013 operated under 3 amendments to the Budget Control Act that were agreed upon by the House and Senate, and then signed by the president.

Lastly, one oft-discussed reform approach involves Congressional reorganization that reorients the role of the Budget Committee and/or its members. The failure to adhere to the current budget process is a bipartisan and bicameral challenge, and to the extent that the Congressional Budget Act provides for privileged consideration of certain budget matters, it is unclear that reimagining the Budget Committee would address the failure of Congress to routinely engage in the budget process as established in the Congressional Budget Act.

A more modest approach to budget process reform would be confined to changes to the existing budget process architecture but would seek to improve the presentation of the budgetary outlook and reduce the risk of budget process failures. The balance of my testimony will address these potential reform options.

**Goals for Budget Process Reforms**

**Improving the Baseline**

The first step of the Congressional budget process (after the executive branch releases the president’s budget) is the submission to Congress of the CBO Budget and Economic Outlook.¹ This baseline, and more importantly the “scoring” baseline

prepared later in the year, is the yardstick against which Congress measures the fiscal impact of legislation. Importantly, the baseline is not CBO's best guess of what future Congress's might do or what they think should happen. Rather, it is constructed according to strict rules emanating from laws, policies, and customs that have evolved since the creation of CBO in the 1974 Budget Act. The baseline is best viewed as a tool for ranking alternative policies, and there are sound options for improving the baseline for this function.

The Budget Act of 1974 (as amended over time) requires that the baseline be prepared by extrapolating the current law over the budget window (currently 10 years). Now you might think that (a) this means that appropriations for, say, 2020 would be zero in the baseline since appropriations are enacted yearly and there is no law in place for 2020, and (b) that any program that has not been re-authorized would have zero budgetary impact since the law had expired. In both cases, you would be wrong.

Appropriations, including those specified as "emergencies" are extrapolated from current levels (and assumed to rise with inflation) and any program that spends $50 million or more is assumed to continue spending money whether it is re-authorized or not. These features place a clear upward bias on spending because appropriating at last year’s level plus inflation is "free," as is re-authorizing an expensive spending program.

In contrast, revenues follow current law precisely, with CBO forced to show expiring tax cuts as tax hikes. Clearly, this asymmetry tilts the budgetary playing field and is not a good benchmark. As an alternative, one could interpret current law strictly on both sides of the budget, showing the expiration of tax cuts and zeros for future year appropriations and unauthorized programs. Or, in the spirit of extending spending programs, any tax cut over $50 million could be assumed to continue indefinitely. In any event, some change is needed to equalize the treatment of budgetary flows in the baseline.

An additional issue related to the construction of the baseline, is that the “scoring” baseline is typically set in stone in March of each year, based on an economic forecast that is typically put together for release in January. This has the virtue that all proposed legislation is compared to the same starting point and makes it easier to compare across proposals and rank their budgetary impact appropriately. It has the disadvantage that a law being evaluated in, say, November has its budgetary impact based on a year-old economic forecast. This has a clear impact on accuracy, as no forecaster would fail to update his/her jumping off point when trying to make an accurate forecast. If Congress wanted a greater focus on accuracy, it could require that the baseline be updated more frequently, at the risk of sowing chaos when trying to compare a law passed by the House in April with one passed by the Senate in October.
Reducing Risk: Timely Passage of Budget Resolution, Appropriations, And Authorizing Bills

The last several years has witnessed deterioration in the adherence to the budget process punctuated by funding gaps, or government shutdowns, and an over-reliance on continuing resolutions (CRs). Failure to enact timely appropriations is not a recent phenomenon, however. In all but 4 out of the past 40 years, Congress relied on CRs to fund the federal government until agreement on full-year appropriations could be reached between the parties, the Houses of Congress, and the legislative and executive branches. Beyond the conspicuous process failures evinced by government shutdowns, CRs themselves pose risks that can raise costs, incur waste, and present management challenges. At a minimum, this Committee should attempt to reduce these risks by pursuing reforms that lend greater predictability and stability to the appropriations cycle.

One approach would be to build on the recent history of 2-year budget agreements. Necessity has given rise to the recent series of multi-year budget agreements. When the BCA was enacted, it imposed discretionary spending caps and required Congress to form a bipartisan committee (the Joint Select Committee on Deficit Reduction or “Super Committee”) to achieve a further $1.2 trillion in deficit savings. When this committee failed to deliver, a fallback mechanism in the BCA reduced the original discretionary spending caps even further to levels that were not intended to fall on defense and non-defense discretionary spending. Subsequent budget agreements, the Bipartisan Budget Acts of 2013, 2015, and 2018 have restored some, but not all, of the funding reduced by this fallback mechanism. There is reason to assume Congress will pursue another two-year agreement for the remaining years of the Budget Control Act, but thereafter the incentive will expire with the BCA.

It strikes me that this committee should consider building on the success of these recent multiyear budget agreements and institutionalize them appropriately.

Institutional incentives may also play a role in enhancing adherence to the budget process. The “No Budget, No Pay Act,” for instance was enacted in 2013, during which time the Senate passed a budget resolution for the first time in 4 years. There are legitimate criticisms of specifics of this approach (not the least of which are Constitutional) but other variations, such as a “No Budget, No Recess” approach may be worthy of consideration. But inducements need not be all “sticks” and no “carrots.” Congressional pay raises, or other similar institutional interests that may have sound policy grounding but face irrational process barriers may be tied to the budget resolution. The Gephardt rule, which tied passage of debt limit increases, a historically toxic vote, to passage of the budget resolution is a model for this type of inducement to adhere to the budget process.

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Another achievable goal for this Committee should institutionalize regular and close oversight of all revenue and spending. The budget committees have this function, but it only manifests itself in Congress as a whole if and when legislators consider a budget resolution. Regularizing this core function of the legislative branch would be a remarkable and achievable goal that should be well within this Committee’s purview.

Thank you. I look forward to your questions.
Co-Chair WOMACK. Thank you, Dr. Holtz-Eakin, and Ms. Coven as well, for your prepared testimony here today. We are going to move into the Q&A period.

Dr. Holtz-Eakin, you have a thoughtful analysis in your prepared remarks of the pros and cons of making the budget resolution a joint resolution and sending it to the President early in the year.

On one hand, it certainly establishes executive branch buy-in early in the process, but on the other hand, could be giving the White House a little more power than they currently have and turn even more authority over to them, even make the congressional budget process worse if, in fact, there is no agreement.

So expand on your prepared testimony on these thoughts. Talk about the tradeoffs, if you will.

Mr. HOLTZ-EAKIN. I think you expanded on it perfectly. I offer it with mixed emotions, quite frankly. Funding the government is a congressional obligation under the Constitution. The power of the purse belongs in the Congress. The Congress is responsive to the voters, and I think there should be a deep commitment to that.

But the way we are doing things right now, as I said, doesn’t constitute genuine budgeting. There is no place where we require that it all add up and that people sign off on that plan on behalf of the voters.

So the argument for going to a joint resolution is to have some vehicle for that buy-in by all parts of the government so that we actually get coherent fiscal policy and don’t find ourselves in the position we are today.

It could make things worse. It certainly changes the balance of power. You now have a President who has to sign off, and it is one more person who can play brinksmanship, one more person who can hold up the process. And it might, in the end, turn out to produce outcomes that are even worse than right now. I don’t know for sure.

So I can’t give an enthusiastic no reservations endorsement, but I do think we need to be cognizant of the fact that we aren’t really doing budgeting. We are doing a subset of it, and not very well.

Co-Chair WOMACK. Ms. Coven, you mentioned in your testimony that delays in getting the final appropriation numbers for an agency in any given year produces a significant impact on the agency’s operation. Can’t plan, and when they do a lot of contingency planning, a lot of what-ifs, there is a lot of inefficiency in that type of process. As an appropriator, I certainly agree with your testimony.

Automatic CRs have been suggested as one way to reduce the potential of this brinksmanship. What impacts would an automatic CR have on the appropriations process and agency operations, in your opinion?

Ms. COVEN. Well, with all due respect, Mr. Chairman, I think if you passed automatic CR legislation, you may as well disband the appropriations committees. It removes the incentive for there to be that process of carefully looking at the funding levels for each program.

I think, further, it creates a risk that we will not have adequate funding. Our funding will go to the wrong places, speaking of inefficiencies, if the government just continues. Circumstances change...
on the defense side of the equation, on the nondefense side of the equation.

We have private market forces that affect where those needs are in veterans' medical care, in housing assistance.

So the idea that the default plan is to just continue where the funding had been previously, I think is recipe for greater inefficiency rather than for a better process.

Co-Chair Womack. My last question for you is that many state and local governments have procedures in place to ensure that government still functions even if a new budget is not passed. I particularly like what Arkansas does. You know, it has a Revenue Stabilization Act, a form of a balanced budget agreement that forces the legislature to have to look at different components of government from time to time.

Are these forms of government guardrails, as it were, appropriate? And if so, is there a model out there that we should look to?

Ms. Coven. Well, I don't know the precise model that you are pointing to in Arkansas. I will caution you, I think it is wonderful to set out to provide yourselves with information about where we are heading so that you can judge whether the sum total of the actions that you have taken are pushing you in the right direction.

I think if you move to something that is more rigid, like a cap, like a balanced budget requirement, anything like that, you are setting up a situation where you are ignoring the underlying factors, which we know are an aging population and healthcare and revenues and the matters that you have considered, and you are sort of dodging the idea of making thoughtful policy choices, and instead, potentially letting some sort of automatic mechanism, like sequestration, be the solution. I don't think that was very popular here and I don't think it was very popular around the country.

So I think it is wonderful to provide yourself with information, and that is one role that budget committees can play, but I would really caution against putting yourselves on some kind of autopilot.

Co-Chair Womack. My distinguished Co-Chair, Mrs. Lowey.

Co-Chair Lowey. Thank you.

And thank you both for your testimony.

It is interesting to me that while our two witnesses have different perspectives, you both make the point that budget process reforms should be policy-neutral. And we would hope that reforms should help facilitate good decision-making by Congress. But we should avoid things that try to force particular policy outcomes, such as fixed targets enforced by automatic spending cuts.

I would appreciate if either of you would elaborate on that point.

Mr. Holtz-Eakin. I think there are a couple of reasons why this committee is not the right place to do that policymaking. First of all, you are tasked with the budget and appropriations process, not the fiscal policy of the United States. And so it seems like a bit of an overreach.

The second, though, is if there isn't genuine buy-in, not just by your colleagues in the House and Senate, but by the public, inevitably whatever targets, triggers, mechanisms you put in place will be overridden.
We have seen this again and again and again, whether it was the SGR mechanism in the docs pay in Medicare. I am old enough to remember Gramm-Rudman-Hollings and fixed deficit targets, which we overrode because we couldn't hit them. People hadn't bought into matching them.

As Martha said, you can use these kinds of things to enforce an agreement, but you can't force a policy outcome. And I would urge you to not try.

Ms. Coven, I agree with that. The only thing I would add is that you really—and this is really as to what Doug said—you want your reforms to be durable. And as you all know, control of Congress and the Presidency shifts from time to time, and you don't want the first order of business of each new Congress to be to rejigger the rules that the previous one set.

So I think establishing policy-neutrals will help make sure that these are lasting reforms.

Co-Chair LOWEY. I think I will save my other questions and give opportunities to others. Thank you, Mr. Chairman.

Co-Chair WOMACK. Thank you.

Senator Perdue.

Senator Perdue. Thank you.

And I am so excited by your testimony. I have been through every word of it.

Mrs. Coven, there must be something wrong today. You are the Democratic witness today, and I agree with every word you have written here.

In all seriousness, you make four recommendations: shift the fiscal year, look at biennial budgeting, get rid of debt ceilings, and use reconciliation, if you are going to use it at all, use it for what it was written for, and that is to reduce the deficit.

But the thing I like the most, and we have all said this in different ways, not just the process here of the Select Committee should be politically neutral, but I believe the budgeting and funding process itself, the process, should be a politically neutral platform. And you say: I encourage you to approach this task in a politically neutral manner.

Dr. Holtz-Eakin, you say the same thing.

Here is my question for both of you. There are a lot of things we can do to change the process, but there are two issues. One is policy and one is outcome.

The policy we are talking about. Let's separate the process from the policy in this Select Committee, is my opinion, and look for a politically neutral platform.

Senator Hirono said it best, I think, in our first meeting, that her only wish here is that we have a process in which we will never have to use a CR again. I think that is a high calling, and I love it, because I think it is very simple and it ought to be our outcome. The thing that we are trying to do here is fund the government.

Would you both help me? You both talked about incentives. But if we have a process and we get to the end of the fiscal year, and let's say it is 12:31 along with the calendar year—Ms. Coven, would you start, and, Dr. Holtz-Eakin, I would love to get your opinion—what can we do to hold ourselves accountable and get that done so that we don't have to
deal with, “What if we don’t do it?” That is where sequestration was born. That is where the Budget Control Act was born.

We need a process that functions without all the drama. And by the way, every other country in the world, every company I know of and every state I know of does this without the drama of the U.S. federal government.

Would you guys just address how we get there at the end of this process?

Ms. COVEN. So I will start, I guess. Thank you. And I thought a bit about this, obviously, after being invited to testify.

I think the best you can do is look for the natural breakpoints for the U.S. Congress. And December, usually the end of the year is the most natural breakpoint in the action for you. Sometimes it is the end point, because you know a new Congress is taking over.

Senator PERDUE. Yeah, I agree with that. And it gives us more time during the year, too.

Ms. COVEN. Right.

Senator PERDUE. So my question is, if you don’t get that done by that date, what happens? And what are the things you would suggest to us to hold us accountable to where we would do it?

Ms. COVEN. So, I mean, Doug put some of those ideas on the table. You all are adults. You take your responsibility seriously. To me, having something that actually withholds your pay or something else from you, I don’t know if that is a road that you want to walk down.

My hope is that by rejiggering the calendar so that there is an expectation—and a lot of budget process operates through norms and expectations—that that is enough to get things on course. But if you want to talk about stronger measures, I don’t know——

Senator PERDUE. Well, I am sorry, I am not looking for stronger measures. But the reality is, if you start January 1, which we do today, you get a document from the White House. When we start, we have 14 weeks for budgeting. In the Senate, you have 16 authorizing committees.

And by the way, we haven’t authorized in years. The State Department for a while wasn’t authorized for 15 years, until 2 years ago. It is a joke. We are the only real entity that still uses an authorizing process.

But that is 16 weeks. Another 12 weeks for the appropriations. That is if you do one a week in the Senate, which has really never been done, obviously. Well, that is 42 weeks out of a 52-week calendar. Even if you change the fiscal year, it is not going to happen.

So I understand there have to be some structural changes.

But, Dr. Holtz-Eakin, help us with it, very quickly, as I want to yield time to the other guys here as well.

Mr. HOLTZ-EAKIN. I don’t have a magic solution on that. I really don’t. I mean, if you walk through the mechanics that you just outlined, the first thing that jumps out is maybe there are too many appropriations bills. Maybe 12 is the wrong number.

Senator PERDUE. Is that what you meant by potentially incrementalizing our way there? Then let’s say you do that, you go to biennial, you reduce the number of appropriation bills, you give yourself a better chance. Then the question, major question is, do we still need an authorizing process?
I don’t have time. I will submit that question to both of you. I would love to get your response on that.

Mr. HOLTZ-EAKIN. Sure.

Senator PERDUE. Most every other entity we looked at in the last 3 years has a budgeting process that has efficacy, it has an appropriating process that works. Very few, if any, had an authorizing built in there. Authorizing was part of the budgeting allocation process.

Are you familiar with that?

Mr. HOLTZ-EAKIN. Yeah. Why don’t I get back to you in writing?

Senator PERDUE. Okay. All right.

Thank you, Mr. Chair.

Mr. HOLTZ-EAKIN. Yeah. Why don’t I get back to you in writing?

Senator PERDUE. Okay. All right.

Thank you, Mr. Chair.

Senator WHITEHOUSE. Thank you both for your testimony, not only here but in many other Budget Committee hearings.

Is it fair to say that you can’t even calculate the deficit in any given year without looking at revenues, appropriated spending, healthcare spending, and tax spending? It is just a mathematical truth, correct?

Ms. COVEN. Yes.

Ms. COVEN. Yes.

Mr. HOLTZ-EAKIN. Yes.

Senator WHITEHOUSE. Both witnesses agree that is a mathematical truth. Good.

And how broadly accepted is debt-to-GDP ratio as the metric, whatever the number actually is, but as the metric that we should be looking at with respect to a sustainable national debt?

Mr. HOLTZ-EAKIN. I think that is pretty widely accepted. The footnote on that would be what measure of debt do you want to put, debt of the hands of the public or the total debt.

Senator WHITEHOUSE. Correct.

Ms. COVEN. I would agree. But you made an important distinction, which is what the number actually is, and that can vary with the business cycle. So it is not that there even is one number, but as a general measure——

Senator WHITEHOUSE. The conversation should be about debt-to-GDP with those asterisks.

Ms. COVEN. It is a very useful conversation to have.

And are we going to be able to fix this in a year or do you need to plan for a glide slope that gets you from where we are to where we need to be?

Mr. HOLTZ-EAKIN. It will certainly take many years.

And in terms of where you need to be, I think the economically relevant thing is that the U.S. display to global capital markets that debt-to-GDP is on a downward trajectory, even if a tiny slope. But right now it is going straight up.

Senator WHITEHOUSE. Let me jump in on that because that is a point that I would like to ask you guys about.

Let’s say that all that this committee was to secure the passage through Congress of a plan that set a sustainable debt-to-GDP ratio and set a mechanism for a glide slope to get there and some
alarms to let you know if you got off course. How do you believe global markets would react to that achievement now?

Mr. HOLTZ-EAKIN. I don't think they would react at all because I think global markets would view that the way I view it, which is a fairly empty promise since you haven't got political buy-in on the policies that would make it happen.

Senator WHITEHOUSE. So you would actually have to start doing it.

Mr. HOLTZ-EAKIN. Yeah.

Senator WHITEHOUSE. Okay. And then how would they react?

Mr. HOLTZ-EAKIN. That would be a very good day.

Senator WHITEHOUSE. Okay.

You have talked about the reconciliation process. In my view, in the Senate it has been hijacked to completely unrelated purposes from dealing with the debt or the deficit.

It is a bipartisan sin. We used reconciliation to help pass ObamaCare. The Republicans just used reconciliation to pass massive deficit-creating tax cuts.

And make this a response for the record if it is going to take a long time, but I would be interested in what constraints or restrictions you think we might be able to agree on that would actually be effective in limiting reconciliation to its intended purpose now that it has kind of gotten out of control. How do we get it back in the cage?

Ms. COVEN. Yeah, I want to make one very important distinction, though, which is that, whatever your feelings on this panel may be about ObamaCare, that was not legislation that was scored as adding to the deficit. I think we have seen that more in the tax arena. But it is certainly possible in the entitlement arena.

Senator WHITEHOUSE. And as somebody who supported it very energetically, I like it, too. I get all that. But I don't think it was our view that we were doing that as part of a debt and deficit measure.

Ms. COVEN. That was not the primary purpose, right.

Senator WHITEHOUSE. That was designed as a healthcare measure and to help people across the country. And we used this process because it worked, not because we were trying to solve primarily a debt or deficit problem.

Ms. COVEN. Right. Right. But I think the point, the important thing is that it is more important that reconciliation not be abused and increase the deficit than to set some particular target for how much deficit reduction has to be achieved in order to have that tool.

Senator WHITEHOUSE. Exactly.

Ms. COVEN. The risk is in the negative direction. So what I do is implement something like what used to be the Conrad Rule in both Chambers, which is to say that you can't use it to increase the deficit.

Senator WHITEHOUSE. Okay. And if you have any further or more complicated thoughts than that that you want to put in writing for me, I would be interested. Because we do need to solve, I think, the abuse of the reconciliation process in all of this.

Mr. HOLTZ-EAKIN. So, briefly, the thing I would just mention for everyone is that reconciliation is really a way to get around the rules of the Senate.
Senator WHITEHOUSE. Yeah. Exactly.

Mr. HOLTZ-EAKIN. In the end.

Senator WHITEHOUSE. And the Senate Budget Committee has become a delivery system for that rule breaking.

Mr. HOLTZ-EAKIN. And so, since this is a general entity, I would hesitate to dictate to one Chamber how they are going to run themselves.

Senator WHITEHOUSE. I am just asking for recommendations. You are not going to be dictating.

Last thing is the debt ceiling. Upside? Downside? Specifically, what does it look like if one day we should fail at passing a needed debt ceiling and went into default?

Mr. HOLTZ-EAKIN. U.S. Treasury’s are the foundation of the global financial system. Impairing their liquidity even a little bit would be an economic catastrophe. It can’t happen.

Ms. COVEN. And similarly, the programmatic consequences of having to tell the American people, our contractors, everyone else we do business with that we are not sure when we can pay you is—and we had to deal with planning for this a few years ago when we actually got up to it—it is no way to run a railroad.

Senator WHITEHOUSE. Thank you both.

Thank you to the chairman.

Co-Chair WOMACK. Mr. Arrington of Texas.

Representative ARRINGTON. Thank you, Mr. Chairman.

And I want to thank the panelists for your thoughtful testimony and responses to our questions.

As a new Member, I have been surprised by a lot of things, but not the least of which has been the lack of accountability and oversight, which is the governing part of the job I thought was going to take most of my time.

I think in my, again, year of service, whether it was on the VA Committee or some other, Agriculture, Authorizing Committee where we have oversight responsibilities, I think the lack of oversight has created a culture that lacks accountability and a focus on results. And so the federal government is not operating effectively in service to its citizens.

I can’t tell you how many times I have asked the question: So tell me, before we fund or reauthorize your program or make recommendations for such, how is it going? Are you achieving the desired outcomes? Are you off-the-chain great or are you way underperforming? And maybe we need to invest more money in this because it is working so well to serve the veterans or the farmers or what have you.

So I believe that we could have a policy-neutral recommendation to have oversight before we actually throw money at something that may not be achieving its desired outcome, whether it is a Republican idea or program or it is a Democrat idea or program.

Can you both comment on how in the world we get back to that component of regular order, good business, and as my friend and fellow Texan says, common sense?

Ms. COVEN. So I absolutely agree with what you are saying. I think we don’t take a hard enough look at, particularly, some of the programs that we set in motion and ask ourselves: Do we know it is working? Is it achieving the result that we are asking?
The question was raised earlier, I think by Senator Perdue, about what the role for the authorizing committees are. And I think one useful reform coming out of this process could be to step up the expectation that they are the partners with the Appropriations Committee in asking those hard questions.

Now, in fairness to the appropriators, those questions do get asked of federal agency witnesses and others who come before them every year to defend their budget request and explain why the administration thinks funding should be increased in one place and cut in another.

But the authorizing committees have a lot of scope to do this, to delve more deeply to answer the questions you have asked. And I think their thoughts should have more input into the decisions that are made by appropriators.

Representative ARRINGTON. Thank you.

Mr. HOLTZ-EAKIN. I am going to echo that, and I will do it via a very particular example, which is Chairman Womack recently had me testify in front of an oversight hearing for the Congressional Budget Office. It was the first time I had delivered such testimony, even though I ran it. There were no oversight hearings.

The closest that I came to an oversight hearing was the legislative branch appropriations bill when I had to defend CBO's budget request and to explain what it did and how we were going to use that money. I think that's a real problem.

And I would echo that a good use of the authorizing committees is to have them be your partners with a much more explicit role for this. And if you have a different calendar, they can go first and then you can appropriate based on the results.

Representative ARRINGTON. Senator Whitehouse has gone. Is he here? No, he has left.

Well, I want to say that I align my thinking about how we ultimately get at responsible and effective outcomes. I recognize that we may not get there and we may just have a better process, a smoother and more seamless process. I am for that, by the way. So I like the glide slope. I like the targets.

I don't know what mechanisms or accountability or pain or shame or carrot or stick that is going to move this seemingly immovable body. So it is discouraging after we got the history of almost 200 years of reforms and then we look and it is $21 trillion in debt.

I do think the fixed target and glide slope idea, I think it is a great idea. I just don't know how in the world we are going to change the behavior of the United States Congress.

Isn't that the million-dollar question here on anything, whether it is timeliness, whether it is unauthorized to now authorized spending? Whatever it is, isn't the million-dollar question how do we change the behavior of this animal that doesn't seem to want to change?

Give us some ideas on that in that regard.

Mr. HOLTZ-EAKIN. So this has come up a number of times around the globe. And the essential issue is that there is nothing that you can do in the way of a mechanism that you can't also undo. And so you can't bind yourself to delivering any particular outcome or process or whatever.
So in other places, Scandinavia, there are a couple countries who did this, you adopt fixed fiscal rules that bind—the parliament in that case—that they have to adhere to.

In our case, that would require amending the Constitution. That is the thing which you cannot change to which you must adhere, and that is a very high bar for changes.

Representative ARRINGTON. I yield back.

Co-Chair WOMACK. The gentleman from the Commonwealth of Kentucky, Mr. Yarmuth.

Representative Yarmuth. Thank you, Mr. Chairman.

Thank you both for your testimony. And I am glad to hear you both reject the notion of No Budget, No Pay or No Budget, No Recess. It seems to me that is a recipe for doing shoddy, sloppy work. There is an incentive to do anything to avoid those repercussions rather than to do responsible work.

Ms. Coven, I have a question for you. Dr. Holtz-Eakin suggested that we consider a joint budget resolution to get the President more involved in the process earlier. He also suggested that change would have pluses and minuses. What is your view of that potential change and how would you weigh the advantages and disadvantages for that change?

Ms. COVEN. So I am not a fan of that proposal. And Doug helped to explain some of the pitfalls. Let me just amplify briefly.

So, first of all, if you think what we need is more gridlock, that, to me, is the recipe for it. It is hard enough to get an ordinary budget resolution done. As you all have said, they often don't get done. Inviting another party into that negotiation could make it more difficult.

Secondly, it is a power shift in two directions, not only shifting some of your Article I power down the other end of Pennsylvania Avenue, but also, if we are talking about this resolution being a 51-voter, shifting power away from the minority party in the Senate.

And as the saying goes, sometimes you are the windshield, sometimes you are the bug. You don't know which party you are in that situation. So the idea that you would permanently say, “Well, the minority just doesn't have a voice,” doesn't make sense to me on something as important as this.

And the third thing is that it risks, if it is a bill, which it would be if it were signed into law by the President, becoming a Christmas tree, a mega budget bill, a mega revenue bill that tangles everything up in one big knot.

So while I understand and appreciate the notion that you want the Congress and the President to be on the same page, and I have suggested it with regard to caps and appropriations because that is just practical, otherwise the government shuts down, the idea of trying to do the whole ball of wax in one fell swoop seems to me too ambitious and likely to deteriorate the process rather than improve it.

Representative Yarmuth. I appreciate that.

This morning I woke up to see that Senator Enzi has floated the idea of possibly doing away with the Budget Committee. I don't know if he was talking about in just the Senate. So I am interested in getting your thoughts on that.
And also something that occurred to me once, an idea, I have no idea whether it makes any sense or not to even think about it, but the possibility of a Joint Committee to essentially save a step, where the Senate and House developed a budget resolution together. Any thoughts on either of those?

Mr. HOLTZ-EAKIN. I am not familiar with what possessed Mr. Enzi to suggest getting rid of this committee, so I won’t answer that one.

In the template that was the Budget Act, the Budget Committee as a coordinating function and as a consolidator and as handling the reconciliation process made perfect sense. Like much of this, it just hasn’t worked out so well, so that suggests that some change does make sense.

I see no reason why a Joint Committee wouldn’t be a good first step. If nothing else, the act of looking at the problems together, identifying the range of solutions together would inform both Chambers in a much more effective fashion than we are getting right now. There is a lot to be said for just knowing what ideas will and will not fly on the other side of the Capitol.

Representative Yarmuth. Thank you.

Do you have some thoughts, Ms. Coven.

Ms. COVEN. Just really briefly. The only thing I would say is that I do like the idea that a number of people have expressed, and I think members of this panel, is making sure that the Budget Committee can speak for both Chambers, whether that is a Joint Committee or separate committees, and is well represented in terms of your leadership, the tax-writing committees, the entitlement committees, and so on.

So I just think if it remains, it should make sure that it does speak for the Chamber and can provide leadership for the rest of the Chamber.

Representative Yarmuth. Thank you very much. I yield back.

Co-Chair WOMACK. Senator Ernst.

Senator ERNST. Thank you, Mr. Chair.

And I would like to go back and revisit. We have had an interesting conversation about the sticks and the carrots. Because it is wonderful we are going through this process, and I believe it is extremely important that we find a solution that we can adhere to.

But I think that many that have served in the Senate and the House before us thought that they also had a process that we could adhere to. And I would argue, I again want to go back and visit some of the sticks, because like No Budget, No Pay or No Budget, No Recess, we have found that—and I am going to push back on the shoddy workmanship, because I would say the omnibus bill that we just had was shoddy workmanship. Four or five people involved in a process. It is thrown together, we vote on it, we go home. You know, everybody is maybe not necessarily happy, but, wow, look, we have a product.

We have to do our job. And what we have seemed to find lately in the United States Senate is, especially if you look at our nominations process, which also seems to be hampered, is that when the leader starts threatening to hold over weekends or cancel recesses,
all of a sudden we start getting our nominations through the process.
So I do think that we should have a discussion. We should not dismiss this just outright. I think that we need to be doing our jobs. But we are humans, and we like to go home on the weekends and we like to see our family at Christmas and Thanksgiving. If those sticks are out there, perhaps we know and we can plan ahead and understand that we need to get our jobs done.

Would you please, if you could, maybe make comments about sticks and carrots that have been used in the past, maybe in your experience, that have tended to work or not tended to work?

Mr. Holtz-Eakin. I don't have a long list of things. Most of the things that have been used have been mechanisms designed to make you hit a particular budgetary target, say, a deficit target or a spending target. And you can override those mechanisms. So they have not been effective at all. By and large, process doesn't produce solutions.

There has been some No Budget, No Pay sort of sentiment, and at least my understanding is that is probably not constitutional, so I would suggest not going that route. It is, however, I think constitutional for you not to see your family.

So I would echo what Martha said about the empirical regularity with which things get done as you back up against a recess or some other part of the calendar. That does seem to motivate people to get things done.

Senator Ernst. Thank you.

Ms. Coven. Just one thing to add to that, which is that, as you think about those kinds of mechanisms, make sure that the collateral consequences fall on Congress and not on the American people.

Senator Ernst. Exactly. I would agree wholeheartedly with that. It is incumbent upon us to make sure that we get our jobs done. And I would say, just as I stated in my opening comments, that for 44 years only four times have we done our job.

So that speaks to, it is wonderful going through a process, making sure we have rules in place to do that, but we have to have the desire to get it done. Otherwise we just find ways around it and we end up with continuing resolutions and omnibus bills.

Yes, Dr. Holtz-Eakin.

Mr. Holtz-Eakin. I want to just echo something that Martha said earlier, which I think is a good thing that you revisit the budget process. There is no reason why you should budget the same way all the time. Budgets should reflect priorities and problems, and these change for the nation, and the process should change with it.

And if you make changes, I believe the folks who make those changes, meaning your colleagues and you, will have a buy-in to make them work. And there is more to this than rigid mechanical things. There is pride of craftsmanship and doing one's job well. And if you settle on a new budget process, I think it will, at least for some time, be in and of itself enough to get things moving better.

Senator Ernst. Thank you. And I appreciate the time. And, again, I am truly looking forward to this. I think we can find a solution that hopefully we will be able to market and sell to the rest
of our colleagues. But it is up to us to get it done and not look for specific loopholes that we can use in the process.

So thank you. I yield.

Co-Chair WOMACK. Representative Kilmer.

Representative KILMER. Thanks, Chairman.

And thanks again for being with us.

I think this conversation around carrots and sticks is actually kind of an important one, in part because it seems like a lot of the sticks that have been used that damage has accrued to the American taxpayer or to the military. And in part because when the sticks accrued to Congress, it finds a way to get around it, right? It waives them.

So I think it is worth thinking about, is there more of a positive inducement to get Congress to do the right thing? And I know you have been asked that in various ways. But I would just encourage us, collectively, to think about that down the road.

I want to ask about when we get on the eve of a shutdown. The Chairman asked should there be an auto CR. Some have suggested an auto CR minus a percent or some have suggested an auto CR plus a percent. And it seems like the problem is, whichever route you choose, someone will like that route. And it creates an incentive for inaction.

I understand that during the Clinton years they said no CR beyond 2 days, and they did 21 of them, but they eventually got there on an agreement.

What is the right, do you think, on the eve of a potential shutdown, what would you recommend as a smarter approach?

Mr. HOLTZ-EAKIN. My first recommendation would be for this committee to be so successful that we are not on——

Representative KILMER. Amen, I am with you.

Mr. HOLTZ-EAKIN. That is the fundamental indictment of this era, right?

Ms. COVEN. I agree with that. I think you can't automatic anything in this process.

Representative KILMER. I know that there has been some suggestion of taking OMB out of the budget process. I wanted to get your reaction to that. And if that happened, wouldn't CBO need a whole lot more resources?

Mr. HOLTZ-EAKIN. I was unaware of that. It is a bad idea. The CBO was created because up until the 1974 Budget Act the only source of budgetary information was the Office of Management and Budget, and prior to that the Bureau of the Budget. It is a good
thing for the executive and for the legislature to have their own entities.

And, bluntly, competition is a good thing. It is a good thing for CBO to look over to OMB and say, “Gee, do you think they did a better job of figuring out what is going to happen here?” and vice versa. So I am inherently skeptical of monopolies and government monopolies who know better than any other.

Ms. COVEN. I would also add to that that another really important function of OMB, and particularly agency budget offices, is they just have a lot more information about what is going on, because they are operating in the executive branch.

So CBO performs a somewhat different function, and it is the ultimate truth-teller, but you also need the agencies and OMB aggregating this information, which they are privy to because they are actually in the day-to-day operational mode.

Representative KILMER. Yeah. You spoke about the importance of CBO as a neutral voice, sort of calling the balls and strikes. Are there measures you think we ought to take to protect the integrity of CBO as an impartial referee in the budget process?

Ms. COVEN. I think it does a pretty good job. And I would more caution you against tampering with their ability to tell it straight than say that there are major reforms that are needed now.

Representative KILMER. Okay. You know what, I think I am just going to leave it at that.

Thank you, Chairman. I yield back.

Co-Chair WOMACK. Thank you.

Senator LANKFORD. Thank you. I appreciate this. Let me try to pepper you all with a whole series of questions. And first let me push a little bit what we were already talking about with auto CR.

You had mentioned not wanting to have auto anything, and I understand that. We are trying to figure out how to be able to make sure we protect us from having shutdowns. And at the end of the day at some future Congress there is no resolution, how do we keep us going, as you mentioned, hold the American people harmless, put consequences here, to be able to get it done?

That has been the conversation about we don’t go home, there are automatic quorum calls where we stay in session continuously until we get it finished. But there has to be some kind of process to make sure that the American people are held harmless in this. That is going to require some mechanism in place, policy-neutral or not, some mechanism has to be there. Agree or disagree? That would mean something has to be automatic, I would say.

Ms. COVEN. Not if it means an automatic CR, no.

Senator LANKFORD. Okay. What would you recommend instead, you get to the end of a budget year?

Ms. COVEN. I think what we find is Congress pretty quickly figures out that it has created a mess and it cleans it up. And that is a better thing than putting the government on autopilot.
But somebody has to make a decision on what will or will not get funded, and the threat of handing it over to those individuals is what should motivate you to not end up there.

Senator LANKFORD. Okay. Let me bring back up the issue about Budget Committee going away. That is an issue that has been around for several decades at this point.

As I go through the notes of this body, in 1993, kicking around budget reforms even at that point, 20 years into the Budget Reform Act, the act of 1974, there was already this conversation that was brewing about leadership establishing the 302(a)'s. And it would be leadership of the House and the Senate being able to work through the process and then bringing that to the body to be able to vote on. And then the body establishes those 302(a)'s.

But basically you have got, as the term that was used during that time by Senator Kassebaum, you have got someone with a little more clout in the process to be able to make that decision earlier on.

What is your thoughts about a budget, the 302(a)'s being established by a leadership group, voted on by the House and the Senate, obviously the President would have to vote on that as well to be able to make it law, and then to be able to work on from there?

Mr. HOLTZ-EAKIN. So I think the key insight is that the budget committees as they are currently constituted can't remain. And the question is, do you want to make them more powerful by putting on them leadership, Ways and Means, Senate Finance, key committees like that, or do you want to make them go away?

But they existed the way they do now because there was supposed to be the entire scope of operation, revenues, mandatories, discretionaries. They had that key coordinating function. No one is doing all that so the Budget Committee has no role.

Senator LANKFORD. Right.

Martha, do you have a thought on this.

Ms. COVEN. I agree with that. I would just say that there is some role for oversight of the budget broadly and that it worries me to think that Congress would have no group of people whose task was to be looking at the reports that CBO comes out, to be thinking about the long-term fiscal trajectory, et cetera.

Senator LANKFORD. No, I would agree with that. Currently, our process is leadership decides everything at the end. How do we switch it to where there is a decision at the beginning on what the main number is and get more people involved in oversight throughout the process, rather than no oversight anywhere in the process and try to figure out how to be able to resolve that?

Ms. COVEN. Right.

Senator LANKFORD. The concept of CBO in some of the scoring issues brought up before, CHIMPs, pension smoothing, payments shifts. Even PAYGO has become just a speed bump of late rather than something that is an actual mechanism.

Are there recommendations that you would make to be able to reform some of these processes to make sure that they work?

Mr. HOLTZ-EAKIN. So that is an issue that is broader than CBO. There are scorekeepers, the OMB folks, CBO folks, appropriators, Budget Committee staff, minority and majority, who have met regularly for years and years, decades, and agreed upon the budgetary
treatment of certain transactions like CHIMPs and a variety of other things.
You could legislate that they go away. Other than that, there is nothing else that can you do.
Senator LANKFORD. Is there a gain to having them?
Mr. Holtz-Eakin. They are the little grease that is left to get things through. And grease is great until you abuse it. And so the question is, is it being abused?
Senator LANKFORD. Okay.
Ms. Coven. There is a stock of them built into the base. So I think you can't just say let's get rid of CHIMPs without acknowledging you are getting rid of billions of dollars of budget authority that is supporting programs that you all have voted for.
Senator LANKFORD. Does that budget authority, does that at the deficits or is that——
Ms. Coven. It is part of the aggregate totals that you provide when you pass an omnibus spending bill. And I just think we need to acknowledge that that is part of the totals that we——
Senator LANKFORD. Totally agree. Yeah, I totally agree. And that has been my challenge, is if CHIMPs go away, you are not reducing deficit, but you are getting a more accurate number that is out there.
And part of the challenge that we have right now is actually getting to the number. We have the number that is budgeted, then you have CHIMPs, then you have OCO, and then you have emergency funding. And everyone just says, no, but just look at this number. But the total aggregate debt is something completely different.
And if we are going to go through this process, I think there should be some gain and to try to clean up so we get a number that is actually the number.
With that, I yield back.
Co-Chair Womack. Senator Hirono.
Senator Hirono. Thank you, Mr. Chairman.
Thank you both for testifying.
Just before this hearing White House economic advisor Larry Kudlow said, and I quote, “Never believe CBO,” end quote, because he claims they don’t score tax cuts right. Do you agree?
Ms. Coven. I don’t agree with that.
Mr. Holtz-Eakin. I have a lot of disagreement with that, beginning with his misunderstanding the Joint Committee on Taxation is responsible for scoring tax bills.
Senator Hirono. Congressman Kilmer asked whether we should move to protect CBO’s independence. And, Ms. Coven, you said that you thought they do a pretty good job. But when we start talking about some people wanting them to engage in dynamic scoring and other ways to make whatever programs they are pushing look better, maybe we do need to ensure the independence of CBO, as long as we are looking to them as that independent voice for us.
Ms. Coven. I think anything you can do to strengthen that function would be terrific. And it is interesting to see how that discussion played out on dynamic scoring because there is what the Joint Tax Committee said and then there is what lots of other people said. And then there is what a one-pager out of the Treasury De-
partment said. And people are hanging their hats on whatever is convenient.

But I agree that protecting the integrity of what they produce and the Joint Tax Committee is really important.

Senator HIRONO. Do you agree?

Mr. HOLTZ-EAKIN. I do. I would just hasten to add that in my experience this is a very common occurrence. People are always lobbying for their programs to be fantastic and free, and they want you to say that. And it is business as usual to ignore that and just do the work.

Senator HIRONO. Well, I like what you said, that competition is good, that we have the executive branch putting out their best explanation of what is going to happen and then we rely on CBO as an independent voice.

Well, hope does spring eternal that this Select Committee will be able to come up with a budget reform that is policy-neutral, because the broken process we have hurts real people.

And I wanted to ask Ms. Coven, one of our tasks is to explain to the American people why the budget and appropriations process, or lack of process, matters in their everyday lives. And I am sure many people are unaware of the serious challenges that agencies face during shutdowns or CRs. And in particular, I am sure many people don't realize that agencies like Labor, Education, and the others that you oversaw face potential life-and-death concerns when faced with congressional inaction.

My question to you is, could you elaborate on the situation or situations you were referring to in your testimony where you had to determine when a situation was so precarious that there is a threat to human life?

Ms. COVEN. Yes, I would be glad to. And thank you for asking that.

So we have a law that has existed I think since the 1800s, I want to say, called the Anti-Deficiency Act, that makes it such that the executive branch cannot expend funds that Congress has not provided.

So when the government is operating during a shutdown, one of the tasks that executive branch officials are engaged in is making sure that we do not violate that statute. There are criminal penalties attached, too, if you want to talk about sticks.

So we were in a situation during one of the shutdowns where the WIC program, which provides nutritional support for infants and pregnant women and young children, was starting to run out of carryover and contingency funds.

And right before the government, thankfully, reopened, we were in the process of trying to make a determination of whether or not, per the terms of the Anti-Deficiency Act, there was an imminent threat to the safety of human life if babies were not going to be able to get nutritional support, consulting with medical experts.

These are hours of my life I can't believe I spent and I would love to have back. The idea that that is what we should be engaged in when we are implementing the federal budget is absurd, and it was heartbreaking to go through those discussions with medical experts.
Senator HIRONO. And that is just one concrete example of our inaction, our inability to do our jobs, how it impacts real life people, literally, in life-or-death situations.

Are both of you familiar with the Convergence Center’s “Building a Better Budget Process Report”?

Ms. COVEN. Yes.

Senator HIRONO. So would you care to comment, both of you, on the report or any of the recommendations?

Mr. HOLTZ-EAKIN. I would be happy to get back to you. It would be a long, long answer. I would be happy to provide it. There are a lot of interesting ideas in there.

Ms. COVEN. I think the one quick thing I would call out is, I do like the idea of sort of standardizing and more regularly presenting to Congress and the public the snapshot of where we stand and where we might be headed. And CBO does lots of products like that. But I think there is some logic to consistently providing information in a form that people start to recognize and can use.

Senator HIRONO. I think that is really important because of their suggestion that we have a fiscal state of the nation report every 4 years, for example, and a pretty regular performance of portfolio of federal programs reports just to let people know what the heck is happening. I think that is good.

And then they also say that we should synchronize the budget cycle with the electoral cycle. That is a pretty straightforward recommendation. Do you have an opinion about that particular recommendation?

Ms. COVEN. The only thing I would say I think there was some hinting at things that are a little bit more like a joint budget resolution in that document, and I have urged caution on that. I think that is not the best path to walk down. But in terms of synchronizing the calendar, and particularly setting limits on appropriations every 2 years, makes a ton of sense to me.

Senator HIRONO. Did you want to add to that?

Mr. HOLTZ-EAKIN. Concur with that.

Senator HIRONO. Thank you very much, Mr. Chairman.

Co-Chair WOMACK. Mr. Woodall.

Representative WOODALL. Thank you, Mr. Chairman.

I will pick up on the Anti-Deficiency Act. We have talked a lot about the 1974 Budget Act. But prior to the reinterpretation of the Anti-Deficiency Act during the Reagan era we didn’t have these kinds of shutdowns, we were kind of on autopilot.

Given your experience at OMB, Ms. Coven, you would have said you would not support an autopilot. You don’t want to go back to the Carter days where the American people are held harmless and the shutdown is just a word document. You want it to have consequences.

Ms. COVEN. I want Congress to make choices, yes.

Representative WOODALL. Right.

Thinking about your calendar year idea, of course, we started down this road in 1976, went back in 1986, and moved the fiscal year from July to October. I went back and looked. Just over the past 20 years, it turns out in 11 of those last 20 years, we didn’t make it by January 1 either. So you have solved half the problem with that idea.
Candidly, I think solving half the problem sometimes is a pretty good start. Knowing of our failure to have those funding decisions resolved even by January 1, you still see the merit of the calendar year vision.

Ms. COVEN. I do because the delays are shorter, which means the implementation can happen more quickly and the agencies and others who receive federal funds can make better use of them, yes.

Representative WOODALL. Mr. Holtz-Eakin, when we talked about misusing reconciliation, I appreciate those comments in Ms. Coven’s testimony. She quickly corrected the record of ObamaCare being a money saver, which, of course, is exactly what CBO reported. Any time you start taxes in year one and benefits in year five, you tend to create a money saver. We gamed the system there. If we looked out over 20 years, we would have gotten a different number, 30 a different number.

You said some of those games, CHIMPs, in response to Senator Lankford’s questions, weren’t the purview of the CBO to sort out. But given your experience as the scorekeeper, in the same way that process changes can be used, to Mr. Kilmer’s point, in favor of or against folks who simply prefer that policy, I found our CBO scores to be that very same way. I can draft the legislation to achieve my goals in ways that pervert CBO’s scoring to give me the freedom I need to have my language.

What have you learned about how we could address CBO in ways that limit the perversion of some of the scoring games that go on now?

Mr. HOLTZ-EAKIN. CBO’s job is to identify the federal budget costs of legislation. That is its primary function as a scorer. And it is not supposed to identify the benefits. It identifies the federal budget costs over the budget window specified by the budget committees at that point in time. Sometimes it has been 2 years. Right now it is 10. It has been a lot of things.

And for that reason, it is always possible to, quote, game CBO, because they will score the legislation and not the legislation’s intent. And you can, by front-loading things and leaving things out of the budget window, give a misleading presentation of the intent of a bill.

I don’t think you should pretend that you can fix CBO or fix the scoring process to avoid that. You need to provide a lot of information. You can ask CBO, what do the second 10 years look like? You can bring that into the debate on the floor. And the way you stop those things is voting no.

Representative WOODALL. I find it incongruous to have a conversation about the critical importance of a nonpartisan referee calling the balls and the strikes as they exist and the understanding that I can recraft the rules for CBO to get just about any result I want.

At the same time, it seems that the utility of an unbiased scorekeeper is undermined by biased rules. I would also point out, when we no longer even use the CBO’s baseline, when we find it not useful, there is some opportunity for change.

But let me close with this and ask you if you have counsel. Yes, it is true we do things differently than anybody else does. We have a budget that seems fairly partisan. We have authorizers that do
some oversight and not. And we have appropriators who actually get the job done at the end of the day.

I think that structure can be politically useful. It allows lots of places to let steam out the system. Yes, we could be more efficient. But I am not sure that efficiency and utility are synonyms.

Do you all have thoughts on that as experts in the field?

Mr. HOLTZ-EAKIN. I think it is a good observation. I mean, I can say honestly that I thought one of my jobs at CBO was to have Congress scream at me and vent their frustration. And that was just part of going to the office, and that was fine, because Congress needs to vent on occasion, but it also needs to get its work down. If you need to do the venting first, good.

Ms. COVEN. The only thing I would add is that the biggest observation I had, shifting from working in the legislative branch to the executive branch, is that here there are 535 people all up for reelection. In the executive branch there is one person up for reelection at most once. So it makes sense that your process, with 535 people constantly responding to the needs of the American people, is going to be a little bit more complex than it is when one person is making decisions.

Representative WOODALL. Thank you both.

Mr. Chairman, I yield back.

Co-Chair WOMACK. Ms. Roybal-Allard.

Representative ROYBAL-ALLARD. I apologize for being late, but I had another hearing at the same time.

Being that I just came out of an appropriations hearing, I am going to ask the question with regards to the appropriations process.

One of the things that has always been annoying is to receive a President's budget request that zeroes out funding for a popular program that the administration knows Congress is going to add back to the final appropriations bill. And then this has a ripple effect throughout the budget and appropriations, because in order to fund the program that is so popular something else has to give. And then there is the debate as to what that is going to be.

What recommendations do you have to maybe stop this practice, which has been used by both administrations and both parties? And what are your thoughts about how we should look at the duplicative programs or cases where agencies are operating somewhat outside the lanes even if the programs are popular? Because I believe that that contributes to the overall budget delays and problems that we face today.

Ms. COVEN. So I think this happens in two kinds of circumstances, and one, I think, is legitimate and one isn’t.

The nonlegitimate use of what you described is when the President fully supports that activity and is just playing games to get the numbers to fit. And I think that is not something that should continue. And, Congress, whatever pressure you can apply to make sure it discontinues, particularly in the agencies.

But there is a legitimate use of it, which is if what you are asking the President for is a request that reflects what he or she thinks the best distribution of resources across the country is, it may well be that the President, again, who is not quite as interactive with the voters on a regular basis, is exerting some courage
and saying: This isn’t working and I am zeroing it out, and I know it is popular, but I think these resources can be spent somewhere else.

And I, frankly, think you want a President’s budget that makes some of those kinds of choices and shows you where, with the full expertise of the executive branch, where you can make shifts towards better use of resources. Then you all can decide if that is a direction you want to follow or not. But you wouldn’t want the President anticipating what your political choices are rather than providing you his or her best judgment.

Mr. HOLTZ-EAKIN. So let me echo the second part of that. In my experience in two White Houses, there were a long, long list of programs that the career staff at OMB had identified as candidates for elimination.

And so it wasn’t so much the political process that was doing it, it was the review process that looked for the effectiveness of programs and whether they were meeting their objectives. And then if they weren’t, they should not be there. So I think that is a legitimate thing and that you should respect it.

I think the second part of the question was about really oversight, right? If we have got duplicative programs and we have things that are wandering outside their legislative intent, the oversight process should be catching that and reining it in. And if it is not, then that is the call for better oversight.

Representative ROYBAL-ALLARD. And when I came in, was there a question by Senator Hirono with regards to how we could make the budget more transparent and understandable for the public? Did I hear that?

Ms. COVEN. I think she was referencing a proposal by the Convergence Group that included this fiscal report, yes.

Representative ROYBAL-ALLARD. And you are going to be responding in writing to that?

Mr. HOLTZ-EAKIN. She asked for our thoughts on the whole Convergence report and I thought it would be more efficient to just get back to her.

Representative ROYBAL-ALLARD. Okay. All right. Okay, then I will just leave it at that.

And it seems to me that there has been a growth also in the number of policy riders that we have been considering in the appropriations bills and that these policy fights are also contributing to delays in the process.

Why do you think that is happening? And are there any ideas that you might have as to how we can address this?

Ms. COVEN. So I think it is happening because you have the must-pass bills. And the remedy lies not necessarily in your committee, the Appropriations Committee, although stricter parameters, keeping those riders out would be terrific, but more in the rest of the Congress making sure that there are other pathways for those legislative priorities to get addressed so the appropriations bills don’t get bogged down with them.

Representative ROYBAL-ALLARD. Okay. I think my time has about run out.

Co-Chair WOMACK. All right. So the gentlelady is yielding back.
All right. We have completed the Q&A round. Recognizing that there is only a handful of our members left, I think it would be appropriate, if anybody has a burning question that can elicit a very brief response, I would be more than willing to give that alibi right now to somebody if they wanted to ask something.

Senator Perdue.

Senator PERDUE. I am sorry. I would like to iterate, though, for the record, I would love to ask both these witnesses to provide this back to us, though, as a more in-depth conversation about the Senate's—the budget is a resolution. We pass it with 51 percent of the votes. The authorization is a law. We pass it with 60. The appropriation is a law. We pass it with 60.

Once the minority party has a budget resolution crammed down their throat, it is very difficult for them, Republican or Democrat, to come back in the authorizing process and play ball. It is very difficult for them to come back in the appropriation process and play ball.

Please give us your thoughts about that three-step process, and talk to us about other countries that you found that have done that. We can't find anybody that does a three-step process.

So I think this authorizing issue is one we need to really focus on. We haven't talked about it much today. But in subsequent hearings, I suspect that we will end up going more in-depth. But because of your two backgrounds, I would love to get you on the record relative to that issue.

Thank you.

Co-Chair WOMACK. Thank you, Senator.

Mrs. Lowey.

Co-Chair LOWEY. In conclusion, I think we have all asked many questions, and perhaps we will save some of the other questions or repeat them again for the next time. So I would like to thank you both.

As I look back upon the appropriations process, it would seem to me there are two things that are very evident. Number one, when we got a topline number, the 302(b)'s, for each of the committees, no problem. Our staffs worked together.

Number two, the only thing that caused some problems was 169 of them, shall we say, what some of us would call poison pills, others might say, oh, this is a very important policy decision.

So maybe if the authorizers did their work and the question would be how do we keep those authorizing items away from the appropriations process, we would be better off.

And I think, Mr. Holtz-Eakin, you mentioned something about OMB, I think that is what you said, that we should be respecting it and the process. And it really depends on who is there at the time, because I would say I have had totally different experiences.

And I don't want to blame it on different parties. But I can remember one head of OMB who used to check in with me three, four times a week. And I don't think I have spoken to this head of OMB in the last 6 months.

So how do you keep the politics out of the process? Give us, as appropriators, the information so we can move forward. Because once we get those numbers, and I want to emphasize this again, on Appropriations, the bipartisan work of our 12 subcommittees
was so impressive. We got the numbers, we went to work, we got the job done, and then some other policy issues came up that would extend the process.

But how do we move it forward so that Democrats and Republicans can do their work? And that is what I see as a major challenge here.

But I think it is time for us to close this hearing. So let me thank you both for your excellent testimony and say it is a pleasure for me to work with my co-chair.

Thank you.

Co-Chair WOMACK. Always a pleasure and a privilege.

Thank you, Dr. Holtz-Eakin and Ms. Coven, for appearing before us today.

I want to advise our members that they can submit written questions to be answered later in writing. Those questions and your answers will be made part of the formal hearing record. And any member that wishes to submit a question or any extraneous material may do so within 7 days.

And with that, let’s go eat. The committee stands adjourned.

[Whereupon, at 12:44 p.m., the committee was adjourned.]
Opening Statement for the Record
First Public Hearing of the Joint Select Committee on Budget and Appropriations Process Reform
April 17, 2018
Rep. Lucille Roybal-Allard of California

Co-chairs Womack and Lowey, thank you for organizing this first public hearing of the Joint Select Committee on Budget and Appropriations Process Reform and thank you to our experts for being here to share your thoughts on opportunities to significantly improve the federal budget process.

I was honored to be appointed to this committee because it was created in a bipartisan way with the specific purpose of finding how Congress can be more efficient and fiscally responsible in funding our government and meeting the needs of the American people.

If our country is to remain strong, it is essential that we fix the problems with our budgeting and appropriations process. We can’t continue to fund our government with one short-term continuing resolution after another and leave our government running on autopilot.

Our inability to pass government funding bills in a timely manner leaves federal agencies unable to adapt to changing conditions or to plan for the future, which ultimately impacts the security of our nation and the needs of the American people.

I hope that through this committee, we can recommend sensible, effective reforms that will help Congress improve our budget and appropriations process, maintain the integrity of the two committees, and at the same time protect the social safety net programs that millions of people depend on.

I hope we will be successful in putting personal and party interests aside and produce a product that can fulfill our promises to the American people.

Thank you.
Co-Chair Womack’s Questions to Ms. Martha Coven

Ms. Coven, you suggest in your testimony restructuring the appropriations calendar to match the congressional calendar.

What implementation issues do you see with the fiscal year beginning in January and a two-year process?

Drawing on your OMB experience, what data and information will Congress need from OMB, and when, in order to accommodate this change in fiscal year?

Additionally, you mention ensuring that reconciliation is in fact, used to ensure deficit reduction. It seems to me that part of the challenge in “depoliticizing” reconciliation—and using it for its historically intended purpose—is allowing more opportunities to use reconciliation to deal with programs that exceed their allocations in the budget resolution.

Is it accurate that the Budget Act does not create a detailed structure for the reconciliation process and that much of it is subject to Senate interpretation?

Is Congress precluded statutorily from doing multiple reconciliation bills—which satisfy portions of the reconciliation instruction—without having to satisfy the entirety of the reconciliation instructions?

Would smaller, more targeted reconciliation bills and more of them allow Congress to exert more control over spending, as opposed to using reconciliation bills for political purposes?

Would a more robust reauthorization process lead to a more effective appropriations process?

What options could Congress consider that would encourage authorizing committees to reauthorize programs under their jurisdiction?

Are there positive incentives that could be provided which would also encourage authorizing committees to meet the deadlines?

What about creating some special procedure for consideration of legislation that reauthorizes a program that comes out of committee on a bipartisan basis?

What types of changes to the budget and appropriations processes could be made to allow for additional floor time for reauthorization bills?

Should Congress schedule dedicated floor time for reauthorization bills? When should this occur—before or after consideration of the budget resolution?
Co-Chair Womack’s Questions Answered by Ms. Martha Coven

Ms. Coven, you suggest in your testimony restructuring the appropriations calendar to match the congressional calendar.

What implementation issues do you see with the fiscal year beginning in January and a two-year process?

The transition from the current federal fiscal year to a calendar year may pose some implementation challenges, which OMB and the agencies can identify and help Congress remedy. After that initial transition, however, implementation should go more smoothly because final appropriations bills should be enacted on time or with shorter delays than in recent years.

Setting discretionary caps every two years should not cause particular implementation challenges, given that it has been the practice for several years now.

Drawing on your OMB experience, what data and information will Congress need from OMB, and when, in order to accommodate this change in fiscal year?

Congress should seek guidance from OMB on how to manage the transition from the current fiscal year to a calendar year. The impact of shifting to the calendar year may vary by agency and by program or activity, and OMB will need time to gather that information from across the executive branch before it can provide technical assistance on how to legislate this change without affecting agencies’ ability to carry out their mission.

Congress will also need to determine, with input from OMB, when to require a President’s budget submission under a calendar year system. It would make sense to me to move the deadline from early February to late March or early April. If Congress completes its work on time, that should allow sufficient time for the Administration to incorporate the new caps (in odd-numbered years) and final appropriations for the year into its request for the next one, which will make it far more useful to Congress.

Additionally, you mention ensuring that reconciliation is in fact, used to ensure deficit reduction. It seems to me that part of the challenge in “depoliticizing” reconciliation—and using it for its historically intended purpose—is allowing more opportunities to use reconciliation to deal with programs that exceed their allocations in the budget resolution.

Is it accurate that the Budget Act does not create a detailed structure for the reconciliation process and that much of it is subject to Senate interpretation?

I have not studied this matter extensively, but while the Budget Act does provide a certain level of detail about the reconciliation process, including setting forth the Byrd rule (see 2 U.S.C. 644), the Senate parliamentarian is indeed often called upon to make interpretive rulings.

Is Congress precluded statutorily from doing multiple reconciliation bills—which satisfy portions of the reconciliation instruction—without having to satisfy the entirety of the reconciliation instructions?

This question goes beyond my expertise, and is best directed to the Senate parliamentarian.
Would smaller, more targeted reconciliation bills and more of them allow Congress to exert more control over spending, as opposed to using reconciliation bills for political purposes?

It is not clear to me why smaller bills would be any less political in nature. Moreover, allowing many smaller reconciliation bills would represent a shift away from a core purpose of reconciliation, which is to encourage contributions from multiple committees to deficit reduction and provide Congress with the opportunity to reflect on the programmatic and revenue tradeoffs.

Keeping reconciliation in a single bill also safeguards the congressional tax and spending power, since it limits the President's role to signing or vetoing the package. Splitting reconciliation up into multiple smaller bills would be akin to giving the President line item veto power over the individual titles of a reconciliation bill, and could reduce the aggregate level of deficit reduction.

Allowing more reconciliation bills would also distort the current legislative process. It would permit many more bills to pass in the Senate with a simple majority, an approach that Senators of both parties have argued against. Opening up this reconciliation loophole would also lead Congress to write bills in a particular manner, to avoid violating the Byrd rule, which may not always be the most responsible and thorough way to legislate.

Would a more robust reauthorization process lead to a more effective appropriations process?

Yes, it would. If authorizing committees more regularly reviewed and improved the programs and activities in their jurisdiction, appropriations bills could be more streamlined and the appropriations committees could focus on how best to allocate resources, rather than on resolving policy disputes.

What options could Congress consider that would encourage authorizing committees to reauthorize programs under their jurisdiction?

There is no magic bullet, but here are two suggestions. First, require congressional committees to announce their legislative program early in the first year of a Congress, after they have had time to organize and consult their members. The executive branch is required to publish a unified agenda of regulatory and deregulatory actions, and a similar approach could be used with the authorizing committees. It wouldn't bind them, but it would set expectations.

Second, end the practice of setting funding limits in bills that authorize discretionary programs. Establishing authorized funding levels consumes a lot of time and energy, leads to confusion and unrealistic expectations, and has virtually no impact on the actual appropriated levels. Authorizing committees should leave spending decisions to the appropriators, and focus on policy matters.

Are there positive incentives that could be provided which would also encourage authorizing committees to meet the deadlines?

Setting a new institutional expectation is probably the best you can do. I do not think it makes sense to prohibit appropriations for an agency or program that has not been reauthorized, as some have suggested. That would lead to chaos.

What about creating some special procedure for consideration of legislation that reauthorizes a program that comes out of committee on a bipartisan basis?
I do not think process changes are needed here. Congress has repeatedly demonstrated that when it wants to legislate in a bipartisan manner, it can.

What types of changes to the budget and appropriations processes could be made to allow for additional floor time for reauthorization bills?

Floor time should not be the issue, if the legislation has been thoroughly vetted at the committee level and reflects bipartisan agreement.

Should Congress schedule dedicated floor time for reauthorization bills? When should this occur—before or after consideration of the budget resolution?

I do not believe rigid rules are needed to prescribe how to allocate floor time. The timing of reauthorization bills also can and should vary with circumstances. Some agencies or programs may need to be reauthorized regularly, because the relevant situation on the ground changes frequently, while others may only need to be reauthorized every several years or on an as-needed basis. The budget and appropriations process can proceed based on the authorizations in place at any given point in time.
Co-Chair Womack’s Questions to Dr. Doug Holtz-Eakin

One of the issues I am focused on is restoring Congress’s Article I authority on spending. Since 1921, the executive branch has continued to gather more power for itself over the budget process. I find it ironic that the Congressional budget process actually starts with a budget submission from the President. What sort of changes could we make to the budget process that ensure Congressional primacy, as the Constitution intended?

Dr. Holtz-Eakin, your prepared remarks include ideas about institutional incentives—both carrots and sticks. Could you please expand upon some positive incentives in your view that would encourage Congress to meet the deadlines it places upon itself?

Dr. Holtz-Eakin, you mentioned in your remarks that reorganization of the Budget Committee structure itself and its composition might not help Congress, in fact, pass a budget under the deadlines it sets for itself. Could you expand on your rationale surrounding that?

Dr. Holtz-Eakin, you discussed improving the baseline as one of the possible goals of this Committee, yet at the same time, you state the process reforms should not be a proxy for fiscal reforms.

- Do you know why the drafters of the 1974 Act created this asymmetrical treatment for spending and revenues?
- How could making changes to the baseline to equalize that treatment be done in a way that is viewed as politically neutral—as opposed to a Republican or Democrat idea to encourage a particular fiscal reform?

Would a more robust reauthorization process lead to a more effective appropriations process?

What options could Congress consider that would encourage authorizing committees to reauthorize programs under their jurisdiction?

Are there positive incentives that could be provided which would also encourage authorizing committees to meet the deadlines?

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The single most consequential development in the budget process has been the invention of mandatory spending. Effectively 2/3 of federal outlays are outside the annual Congressional budget process—regardless of what kicks it off—because of the growth in entitlements. No process change can address this dynamic without identifying an annual role for Congress in controlling the budgetary pressures caused by these programs.

Dr. Holtz-Eakin, your prepared remarks include ideas about institutional incentives—both carrots and sticks. Could you please expand upon some positive incentives in your view that would encourage Congress to meet the deadlines it places upon itself?

As I noted in the question and answer period, I do not have a long list of positive incentives. Two approaches could be pursued, the first being institutional, while the second could be procedural. With respect to institutional incentives, I have observed that there exist optical challenges to such matters as Congressional pay increases. Tying timely completion of the budget process to pay adjustments (as needed) may be a worthwhile incentive. Procedurally, the Committee should debate the merits of making consideration of appropriations bills in the Senate less difficult.

Dr. Holtz-Eakin, you mentioned in your remarks that reorganization of the Budget Committee structure itself and its composition might not help Congress, in fact, pass a budget under the deadlines it sets for itself. Could you expand on your rationale surrounding that?

I note in my testimony that failure to adhere to the budget process is a bipartisan and bicameral responsibility. For that reason, I do not fault the relative statute of the Budget Committee for this phenomenon. Moreover, to the extent that budget resolutions are privileged matters, there is no obvious procedural impediment to their consideration by the Congress. Accordingly, one can only surmise that inaction on the budget process is deliberate, or more likely, not a legislative priority for members. I do not believe that organizational changes would alter that calculus.

Dr. Holtz-Eakin, you discussed improving the baseline as one of the possible goals of this Committee, yet at the same time, you state the process reforms should not be a proxy for fiscal reforms.

- Do you know why the drafters of the 1974 Act created this asymmetrical treatment for spending and revenues?
- How could making changes to the baseline to equalize that treatment be done in a way that is viewed as politically neutral—as opposed to a Republican or Democrat idea to encourage a particular fiscal reform?

The current rules for the construction of the budget baseline are codified in section 257 of the Balanced Budget and Deficit Control Act of 1985 (BBEDCA). Section 257 was inserted by the
Budget Enforcement Act of 1990 (BEA) and was further amended in subsequent Acts. The asymmetry in treatment of tax and spending provisions can be traced to Section 257(b)(2)(A), which stated (it was subsequently amended in the Balanced Budget Act of 1997): “No program with estimated current year outlays greater than $50 million shall be assumed to expire in the budget year or outyears.” The Budget Enforcement Act also created PAYGO, which generally requires deficit neutrality for new mandatory spending enforced through sequestration. The “$50 million rule” in effect grandfathered previously enacted entitlement programs to avoid running afoul PAYGO. It was in effect, a large “current policy” adjustment for spending programs. Addressing the asymmetry would require a similarly asymmetrical change, either reversing the previous change or granting similar treatment to current tax policy.

Would a more robust reauthorization process lead to a more effective appropriations process?

Tying appropriations more directly to policy choices would more effectively target scarce federal resources to federal policy priorities. Too often, spending numbers drive policy rather than the other way around.

What options could Congress consider that would encourage authorizing committees to reauthorize programs under their jurisdiction?

CBO reports unauthorized appropriations annually, but under current practice, unauthorized programs are routinely funded. Unless and until the consequence on failure to authorize a program has budgetary implications, the problem will likely continue.

Are there positive incentives that could be provided which would also encourage authorizing committees to meet the deadlines?

The current practice of funding unauthorized programs appears to stem from broad Congressional aversion to undertake the legislative trouble of authorizing federal programs and activities that continue to receive funding. The incentives thus align to favor the status quo, and it is unclear what positive incentives could favor a shift in this practice.

What about creating some special procedure for consideration of legislation that reauthorizes a program that comes out of committee on a bipartisan basis?

Bipartisanship is a necessary precondition for passage of legislation in the current make up of Congress and I would welcome more bipartisan legislative action to authorize federal programs that are genuine national priorities.

What types of changes to the budget and appropriations processes could be made to allow for additional floor time for reauthorization bills?

This Committee will no doubt be discussing various changes to the budget timeline, to include multi-year budgeting, which I would note we have essentially been doing since FY2014, as well as the parliamentary treatment of appropriations bills. These options are worth the committee’s attention and consideration.
Senator Perdue’s Questions to Ms. Martha Coven

Should the budget be a law signed by the President? What are the advantages and disadvantages to having the executive branch weigh in on the Congressional budget?

Currently we have a funding cycle that starts with a budget resolution, followed by reauthorization of spending, and finally appropriations. In a whiteboard approach, if the goal is to fund the government and review its operations, how would you recreate the budget, reauthorization, and appropriations process in the Senate?

Since currently only roughly 2/3 of spending is annually appropriated, would you redesign the process to include all revenue and all outlays?

Should there be penalties for missing deadlines mandated by the Congressional Budget Act of 1974 or deadlines created by a new approach?
Senator Perdue’s Questions Answered by Ms. Martha Coven

Should the budget be a law signed by the President? What are the advantages and disadvantages to having the executive branch weigh in on the Congressional budget?

Requiring the budget resolution to be signed into law by the President is a recipe for even greater gridlock. A joint budget resolution would be harder to get done than a concurrent budget resolution, because it invites an additional party to the negotiation. You do need some certainty about appropriations levels to avoid shutdowns, which is why I have recommended that discretionary caps be negotiated with the President every two years. But you do not need to fight every other budget battle—including on revenues and mandatory programs—every single year.

Furthermore, once you give the budget resolution the force of law, it will be difficult to constrain what gets included in it. It could become such a large “Christmas tree” of a bill that it would end up being controlled and negotiated by leadership, which could frustrate rank-and-file Members and defeat the goal of establishing an orderly budget and appropriations process.

A joint budget resolution would also represent a substantial shift of the spending power toward the President and the majority party in the Senate, if it were a statutory measure that could be passed with 51 votes. Under current law, the budget resolution can pass with 51 votes, but discretionary caps backed up by sequestration and appropriations bills cannot.

Currently we have a funding cycle that starts with a budget resolution, followed by reauthorization of spending, and finally appropriations. In a whiteboard approach, if the goal is to fund the government and review its operations, how would you recreate the budget, reauthorization, and appropriations process in the Senate?

I would hesitate to alter this structure too much. It makes sense to have many pairs of eyes on a $4 trillion enterprise. And since we operate through a representative democracy, we need an opportunity for all 535 Members of Congress to provide substantive input, which the committee process offers.

That said, I would streamline the budget process by focusing it on two central tasks: (1) setting discretionary caps every two years; and (2) using the reconciliation tool periodically, as needed, to address unwieldy deficits.

I would also streamline the authorizing process by ending the practice of setting funding limits in bills that authorize discretionary programs. Establishing authorized funding levels consumes a lot of time and energy, leads to confusion and unrealistic expectations, and has virtually no impact on the actual appropriated levels. Authorizing committees should leave spending decisions to the appropriators, and focus on policy matters.

I would further note that many programs do not need to be reauthorized every year. The timing can and should vary with circumstances. Some may need to be reauthorized regularly, because the relevant situation on the ground changes frequently, while others may only need to be reauthorized every several years or on an as-needed basis. The budget and appropriations process can proceed based on the authorizations in place at any given point in time.

Since currently only roughly 2/3 of spending is annually appropriated, would you redesign the process to include all revenue and all outlays?
The current budget resolution process does technically require an assessment of all types of spending and revenues. If you are asking whether I would make all federal spending subject to annual appropriations and sunset the Internal Revenue Code at the end of each year, the answer is no. It would create unnecessary risks to our economy and our health care system, and anxiety among senior citizens and others who have made decisions in the past based on the reasonable expectation of a certain basic level of health coverage and income security.

Should there be penalties for missing deadlines mandated by the Congressional Budget Act of 1974 or deadlines created by a new approach?

I don’t think a hammer approach will work, and the collateral damage is likely to fall on the American people, rather than on Members of Congress. The best you can do is set strong institutional expectations, and shine a light on any actor in the process who fails to comply with those expectations.
Senator Perdue's Questions to Dr. Doug Holtz-Eakin

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Currently we have a funding cycle that starts with a budget resolution, followed by reauthorization of spending, and finally appropriations. In a whiteboard approach, if the goal is to fund the government and review its operations, how would you recreate the budget, reauthorization, and appropriations process in the Senate?

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Senator Perdue's Questions Answered by Dr. Doug Holtz-Eakin

Should the budget be a law signed by the President? What are the advantages and disadvantages to having the executive branch weigh in on the Congressional budget?

There is merit in engaging the executive branch with the Congressional budget process, and indeed the successive Bipartisan Budget Acts of 2013, 2015, and 2018 essentially reflect this approach. The benefits of this process are predictability for appropriations and diminished threats of federal shutdowns. To the extent that these agreements are bipartisan, in contrast to budget resolutions, they more closely reflect the likely pathway of appropriations acts, and are thus more “realistic.” The downsides of these agreements is that they focus on discretionary spending, at the expense of the meaningful debate on the broader fiscal outlook captured by budget resolutions. Moreover, these agreements are hard-won and to some extent crisis-driven and may not be a reliable vehicle for the annual budget process, particularly with a divided government.

Currently we have a funding cycle that starts with a budget resolution, followed by reauthorization of spending, and finally appropriations. In a whiteboard approach, if the goal is to fund the government and review its operations, how would you recreate the budget, reauthorization, and appropriations process in the Senate?

At present the federal budget process is broadly set up as an accounts payable department, without routine or meaningful engagement in the nation's major liabilities. Consequentially linking funding to authorizations, and periodic reauthorization of every program would realign the federal budget process towards a deliberate budgeting exercise rather than a mechanism for simply paying bills.

Since currently only roughly 2/3 of spending is annually appropriated, would you redesign the process to include all revenue and all outlays?

Yes.

Should there be penalties for missing deadlines mandated by the Congressional Budget Act of 1974 or deadlines created by a new approach?

Yes. I made mention in my testimony of positive incentives for timely completion of the budget and appropriations cycle, but greater discipline is also required from Congress to fulfill its oversight and budgetary prerogatives.
The committee met, pursuant to call, at 10:00 a.m., in room HVC–210, Capitol Visitor Center, Hon. Steve Womack and Hon. Nita M. Lowey [co-chairs of the committee] presiding.
Co-Chair WOMACK. The committee will come to order.
We have a little bit different seating arrangement than we did before. I am up here in a different ZIP Code, you know. And we will see how this goes.
Good morning, and welcome to the second public hearing of the Joint Select Committee on Budget and Appropriations Process Reform.
The most important role given to Congress under the Constitution is the power of the purse. Our panel is charged with ensuring we can fulfill this essential duty.
Today’s hearing is appropriately titled “Bipartisanship in Budgeting” and reflects the consensus regarding our mission and the goal for any potential recommendations. To be clear, we are not in the business of prescribing specific budget outcomes to benefit Republicans or Democrats. We want to ensure a budget process that works for either party, regardless of who holds the majority.
As we continue talking through possible improvements in this committee, it is a pleasure to welcome other perspectives to the ongoing conversation. Today, we are joined by a group who have extensively studied the current process, observed some of the problems with it, and developed their own solutions for making it work.
From the Bipartisan Policy Center, we have Bill Hoagland and Don Wolfensberger, both of whom have extensive backgrounds in congressional procedure and history. And representing the findings of the Convergence Building a Better Budget Process Project, we have Emily Holubowich—I hope I have that name correct—and Matt Adams—or Matt Owens. I am sorry.
Thank you.
And, with that, I yield to my co-chair, Mrs. Lowey, for her brief opening remarks.
[The prepared statement of Steve Womack follows:]

WEDNESDAY, MAY 9, 2018

HOUSE OF REPRESENTATIVES,
JOINT SELECT COMMITTEE ON BUDGET AND
APPROPRIATIONS PROCESS REFORM,
Washington, D.C.

BIPARTISANSHIP IN BUDGETING


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WOMACK, ASSEMBLYMAN STEVE, AND DISTILLER
CO-CHAIR WOMACK OPENING STATEMENT:

Bipartisanship in Budgeting

Washington, D.C., Wednesday, May 9, 2018

As prepared for delivery—Joint Select Committee Co-Chair Steve Womack

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And representing the findings of the Convergence Building a Better Budget Process Project, we have Emily Holubowich and Matt Owens.

Thank you, and with that, I yield to my co-chair, Ms. Lowey, for her brief opening remarks.
Co-Chair Lowey. And I do want to thank Co-Chair Womack for his collaboration in arranging this hearing.

I welcome our witnesses here today to discuss bipartisanship as it relates to the budget process. Our witnesses include Bill Hoagland and Don Wolfensberger, two very experienced former senior congressional staff who are now affiliated with the Bipartisan Policy Center.

And I am pleased that we have Emily Holubowich and Matt Owens, two participants from the Building a Better Budget Process Project of the Convergence Center for Policy Resolution. They will talk about the Convergence Center process, which convenes groups of disparate stakeholders to try to arrive at consensus recommendations, as well as the substantive proposals that emerged from their dialogue on the budget process.

Thank you all for coming. I look forward to an interesting hearing.

[The prepared statement of Nita M. Lowey follows:]
CO-CHAIR LOWEY OPENING STATEMENT:

Bipartisanship in Budgeting

Washington, D.C., Wednesday, May 9, 2018

As prepared for delivery—Joint Select Committee Co-Chair Nita M. Lowey

I thank co-Chair Womack for his collaboration in arranging this hearing, and I welcome our witnesses here today to discuss bipartisanship as it relates to the budget process.

Our witnesses include Bill Hoagland and Don Wolfensberger, two very experienced former senior congressional staff who are now affiliated with the Bipartisan Policy Center.

And we have Emily Holubowich and Matt Owens, two participants from the “Building a Better Budget Process” project of the Convergence Center for Policy Resolution. They will talk about the Convergence Center process, which convenes groups of disparate stakeholders to try to arrive at consensus recommendations as well as the substantive proposals that emerged from their dialogue on the budget process.

Thank you all for coming. I look forward to an interesting hearing.
Co-Chair Womack. In my introductions, I said “Matt Adams.” I want the record to reflect that the first baseman of the Washington Nationals is not with us today; it is Matt Owens. I am a big baseball fan, so I don’t know how I just came up with that, but thank you.

I would now like to welcome our witnesses. Thank you for your time today. The committee has received your written statements, and they will be made part of the formal hearing record. You will each have 5 minutes to deliver your oral remarks.

Mr. Hoagland, you can begin when you are ready. The floor is yours, sir.

STATEMENTS OF G. WILLIAM HOAGLAND, SENIOR VICE PRESIDENT, BIPARTISAN POLICY CENTER, U.S. SENATE STAFF, 1982-2007; DONALD R. WOLFENSBERGER, FELLOW, BIPARTISAN POLICY CENTER, FELLOW, WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS, STAFF DIRECTOR, HOUSE RULES COMMITTEE, 1991-1997; EMILY HOLUBOWICH, PARTICIPANT, BUILDING A BETTER BUDGET PROCESS PROJECT, CONVERGENCE CENTER FOR POLICY RESOLUTION; AND MATTHEW OWENS, PARTICIPANT, BUILDING A BETTER BUDGET PROCESS PROJECT, CONVERGENCE CENTER FOR POLICY RESOLUTION

STATEMENT OF G. WILLIAM HOAGLAND

Mr. Hoagland. Thank you very much, Mr. Chairman.

Co-Chairmen Womack and Lowey and members of the committee, thank you for the opportunity to appear before you.

I have my list of favorite reform options, but today I will focus just on one, and that is the often-discussed-but-never-agreed-to biennial budgeting and appropriation process.

The written testimony provides the long history of the congressional efforts in this regard. There are various approaches to biennial budgeting and appropriations. But my own thinking on this has evolved from initially not supporting it to, today, supporting it from a split biennial budget and appropriation process.

As early as 1987, a bipartisan agreement between the Congress and President Reagan was reached, setting 2-year caps on discretionary spending. This was followed with similar bipartisan agreements in 1990 and 1997.

And the Budget Control Act, as you know, of 2011 set appropriation caps for 10 years, through 2021. But those caps were adjusted by the Bipartisan Budget Acts of 2013, 2015, and, of course, most recently, 2018. And I predict that you will adjust those final 2-year caps again in 2019.

In other words, 2-year caps over time periods seem to be what Congress has abided to, and, therefore, institutionalizing what has become standard practice seems like a recommendation this committee could find consensus around.

Most recently, in 2016, both the House and Senate Budget Committee chairmen, Mr. Price and Mr. Enzi, advanced biennial budget proposals. Like previous proposals, they proposed that the budget resolution be adopted in the first session, setting forth appropriation allocations for the next 2 fiscal years.
But, unlike previous versions, they proposed splitting the 12 appropriation bills into half, 6 appropriations being considered in the first year of the biennium and 6 in the second. Mr. Price’s legislation even specified what those six bills would be, and they included Defense and Labor-HHS, so that 75 percent of all appropriations would have been done in that first biennium.

The Bipartisan Policy Center issued a brief report in 2015 entitled “Proposals to Improve the Process,” authored by two of my former bosses, the late Senator Pete Domenici and Dr. Alice Rivlin. Among other reform items, it recommended that we move to a biennial budget cycle to address the goal of transparency and timeliness.

A couple of quick comments addressing the skeptics of biennial budgeting process.

Incentives are important for Congress to do its work.

On the stick side of the incentives, in the private sector, non-performance of a contract results in nonpayment. The Domenici-Rivlin biennial budget recommendation concluded that garnishing your pay would not pass constitutional muster, but legislation to prevent all planned congressional recesses until a biennial budget resolution was adopted could.

This is consistent with existing statute that makes it out of order to consider any adjournment resolution in the House of Representatives in the month of July that provides for an adjournment of more than three days unless you have completed annual appropriations or a reconciliation bill if ordered. A similar prohibition for all months could apply to both the Senate and House for failure to adopt a conference agreement on a biennial budget.

I would make it mandatory, also, that the last appropriation bill considered in a biennium is the legislative branch bill, your funding bill.

On the carrot side, once a biennial budget agreement is reached, setting the 2-year appropriation allocations, if it does that, Senate rules could be adopted to eliminate the filibuster on the motion to proceed the consideration of the appropriation bill. This would not jeopardize in any way senators’ right to filibuster the underlying legislation but would guarantee at least a debate moving forward on appropriation bills themselves.

Finally, one of the reoccurring criticisms of biennial budget has been the argument that making accurate projections two years in advance is difficult. Nothing in a biennial budget process precludes funding of supplemental appropriations if needed for unanticipated and therefore unplanned emergencies. I would argue that 1 off-year supplemental, however, is better than having to do 12 appropriation bills every year.

Let me conclude with what so many others have stated before. No process changes will make your decisions any easier. Budgeting is governing, and governing is challenging. But the failure of this committee I don’t think is an option. Failing to reach some consensus would once again telegraph to the American public that the Congress was not willing to address its most obvious, fundamental Article I responsibility, and the result would be a further erosion of the confidence in this critical institution.
But if this committee could reach agreement, if even on limited changes to the process, it could set the stage for even more fundamental comprehensive changes in the next Congress.

Your time is short, and the litany of reform options is long. But I believe one of those bipartisan reform options' time has come, and that is biennial budgeting.

Thank you, Mr. Chairman.

[The prepared statement of G. William Hoagland follows:]
Biennial Budgeting: An Improvement to Current Budget and Appropriation Process

Joint Select Committee on Budget & Appropriations Process Reform

May 9, 2018

Written Testimony of G. William Hoagland:

Co-Chairs Womack and Lowey and members of the Committee, thank you for the opportunity to appear before the Committee.

In 1985 on the 10th anniversary of the Congressional Budget and Impoundment Control Act, a young House Minority whip and member of the House Rules Committee, wrote:

"The budget process has been attacked from both within and without as a repugnant, redundant, irrelevant, meaningless, misleading, phony, funny-money, number-cooking, smoke-and-mirror system. To an extent it is all those things at different times. But it also provides a framework for congressional decision making that is real and meaningful." 1

Thirty-three years later, those words of former Congressman Trent Lott still apply.

You, your fellow legislators and most importantly the public know that the current federal budgeting and appropriation process has not been and is not working effectively today. But its survival nearly half a decade, speaks to the fundamental need for Congress to maintain a fiscal framework for its decision making.

Out of the last 10 years, Congress has failed to adopt what I consider to be a real conference reports on a budget resolution 7 times. Only 4 times in the previous 34 years did Congress fail in this responsibility.

In fairness, I do not consider the last two resolutions for FY 2017 or FY 2018 to be real resolutions as envisioned by the Budget Act. Both were adopted well after their due date and only as a means to the end of creating a fast track process to create a non-filibuster proof bill in the U.S. Senate.

Our current budget procedures, rules, concepts and processes are so complex that members and their staffs find them hard to understand, let alone the American taxpayer.

Nonetheless, I do not think anyone believes today, even if a budget resolution conference agreement were reached annually on April 15 as the current law requires that Congress is capable of completing 12 appropriation bills within -- effectively -- the four months remaining before the new fiscal year begins.

Further continuing resolutions, weaken the power of the purse, and Omnibus or Cromnibus appropriation bills disenfranchise members. They are written by a small group of people at the last minute and enacted well into the fiscal year, as was the case this fiscal year and last.

My testimony, therefore, focuses on the long-debated, but never agreed to, biennial budget and appropriation reform proposal.

Biennial budgeting and appropriations proposals have a long-bipartisan-history in this Congress, beginning almost simultaneously with the enactment of the Congressional Budget Act in 1974. The then Republican Whip Trent Lott in 1985 said Congress should have biennial budgeting.

Congressman Leon Panetta in his first year in office authored the first biennial reform bill in 1977 and proceeded to do so every year when he became a member of the budget committee. Later as Secretary of Defense in 2012, he again expressed his support for a biennial budget and appropriation process as a basis for better government planning and execution.

All Presidents from Ronald Reagan to Barack Obama have supported biennial budgets. In his confirmation hearing before the Senate Homeland Security and Governmental Affairs Committee, Mr. Mulvaney was asked if he supported biennial budgeting. He responded affirmatively.

The 97th Congress in 1982 first held hearings on biennial budgeting and every Congress from the 100th to the previous 114th Congress and now this one has followed suit.

Separately the Pearson-Ribicoff Commission in 1984 recommended a form of biennial budgeting (consider half appropriation bills each year). Similarly the National Performance Review Commission (the Gore Commission) and the U.S. National Economic Commission in 1989 recommended a biennial budget process on the argument that “considerable time could be saved and used more effectively in both the executive and legislative branches of government if budgets and appropriations were moved to a biennial cycle.

In the 103rd Congress (1993), the Joint Committee on the Organization of Congress recommended biennial budgeting, including 2-year budget resolution and a biennial appropriations cycle whereby the budget resolution and all appropriation legislation would be adopted in the first session of Congress and authorization legislation would be enacted in the second session.

In the 104th Congress, the Biennial Budgeting Act of 1995 was introduced by Senators Thomas, Dole, Domenici, Simpson, Thompson, Kassebaum and importantly, Thad Cochran. The legislation devoted the first year of the biennium to adopting a budget resolution and completing appropriations for two years, the second year of the biennium being reserved to authorizations.

In 2014, the then Chairman of the House Budget Committee, Paul Ryan introduced and reported the Biennial Budgeting and Enhanced Oversight Act. That legislation would have provided that in odd-numbered years, Congress would adopt a budget resolution and appropriations for each of the following two-years in the biennium. The even numbered year would be reserved for oversight and consideration of authorizations.
In 2016, both the House and Senate Budget Committee Chairmen, Mr. Enzi and Mr. Price advanced biennial budget proposals. However, unlike previous versions, while the budget resolution would be adopted in the first session setting forth 302(a) appropriation allocations for the next two fiscal years, both proposals split the 12 appropriation bills into half, six appropriations being considered in the first year of the biennium and six in the second session. Mr. Price’s legislation specified the first tranche of appropriation bills to include: Defense, Energy & Water, Financial Services, Homeland Security, Interior, and Labor-HHS.

Most recently, the Convergence Center for Policy Resolution concluded that given elections are a primary motivator among politicians, setting aggregate discretionary spending levels for two years was the best approach for budgeting.

Indeed, as I look back over the history of the current Budget Act, as early as 1987 a bipartisan agreement between the Congress and President Reagan was reached setting two-year caps on discretionary spending. This was followed with similar bipartisan agreements in 1990 and 1997. The Budget Control Act of 2011 set appropriation caps for 10 years through 2021. But those caps were adjusted by the Bipartisan Budget Acts of 2013, 2015, and most recently 2018. I predict that you will adjust the final two years of the 10 year caps again in 2019.

In other words, 2 years seems to be the operative time period for Congress to abide by any limits to discretionary spending. Therefore, institutionalizing what has become standard practice seems like a recommendation this committee could find consensus on.

There are various approaches to biennial budgeting as the history has shown. Over the years my own thinking on this has evolved from not supporting to today supporting a split biennial budget and appropriation process.

At the Bipartisan Policy Center working with two of my former bosses, the late Senator Pete Domenici and Dr. Alice Rivlin, we issued a brief paper in 2015 entitled “Proposal for Improving the Congressional Budget Process” that among other reform items recommended the adoption of a biennial budget cycle. Further in 2014 the Bipartisan Policy Center’s Commission on Political Reform Co-Chaired by former Senators Trent Lott, Tom Daschle, Olympia Snowe and former Secretary Dan Glickman and Governor Dirk Kempthorne, similarly recommended that Congress adopt a biennial budget process.

The Domenici-Rivlin report emphasized three simple themes with 10 broad recommendations for reform:

- First, the budget process should include all federal spending and revenues. It should not leave entitlements or tax expenditures on automatic pilot;
- Second, the budget process should be transparent and completed on time; and
- Third, the budget process should have buy-in from the President and the leadership in the Congress.
The theme of transparency and timeliness led to their recommendation that Congress enact a biennial budget and appropriation process. Not surprising since Senator Domenici was an early proponent of the subject. The specific recommendation:

> Enact legislation to establish a biennial budgeting cycle that would ensure that Congress adopts a budget and all appropriation bills in the first session (odd-numbered years) and frees up time in the second session for oversight and authorizations. Supplemental and emergency appropriations could occur as needed in either session. General oversight by authorizing committees would not be limited to any period.

A couple of final comments addressing skeptics of a biennial budgeting process. Incentives are important for Congress to do its work on time.

On the stick side of incentives -- in the private sector non-performance of a contract results in non-payment for work not performed. The Domenici-Rivlin biennial budget recommendation, concluded that constitutionally congressional pay of the current members of Congress could not be garnished for failure to complete work on time, but legislation could prevent all planned congressional recesses until a biennial budget resolution was adopted.

While this is consistent with existing statute that makes it out of order to consider any resolution in the House of Representatives that provides for an adjournment of more than three days unless they have completed action on a directed reconciliation bill for the upcoming fiscal year, a similar prohibition for all months could apply to both the Senate and House for failure to adopt a conference agreement on a biennial budget resolution.

If a constitutional mechanism could be found to withhold your pay until a biennial budget resolution is agreed to I would tie, no pay with no recess together as a powerful stick.

On the carrot side -- once a biennial budget agreement is reached setting the two year appropriation allocations, Senate rules could be adopted to eliminate the filibuster on the motion to proceed to consider appropriation bills. This would not jeopardize a Senator’s right to filibuster on the underlying legislation but would guarantee debate could proceed on the appropriation bill itself.

Finally, one of the reoccurring criticisms of biennial budgeting has been the argument that making accurate projections two-years in advance, indeed approximately 30 months in advance, is difficult. Inaccuracy would then result in on-going revisions to the budget resolution with supplemental appropriation bills and other off-year actions effectively undercutting any intended improvement in planning that biennial budgeting would bring.

In fact, Mr. Mulvaney in his confirmation hearing raised the issue that projections over a 2-year cycle could become inaccurate due to changes in economic conditions.

Nothing in a biennial budget process precludes funding or supplemental appropriations if needed for unanticipated and therefore unplanned emergencies. One off-year supplemental, however, is better than having to do 12 appropriation bills every year.
But I also remind the members that the Budget Act today requires at a minimum 5-year projections, and historically resolutions and reconciliation bills have been crafted over a 10-year projection period. And when the Congressional Budget Office last November examined its projections of both the economy and outlays they found not surprisingly that their budget year projections were generally close to actual amounts, and half of the outlay projections between 1984 and 2015 were within 2 percent of their actual amount.

Biennial budgeting proposals have had bipartisan support over the last nearly 35 years. Variations in their formulation and mechanics obviously exist. But I believe those differences can be resolved if members truly wish to find an alternative to the current failing budget and appropriation process.

Let me conclude with what so many others have stated before in numerous congressional hearings on this subject — no process changes will make your decisions any easier. Budgeting is governing and governing is challenging. But I do believe if you want to find consensus on reasonable, doable reforms to the budget and appropriation process, it is possible.

Failure is not an option. It would be unfortunate if, once again, this special committee established to address budget process reform, fails to find consensus on at least a limited set of recommendations.

However limited those reforms might be perceived, failure to reach some consensus would once again telegraph to the American public that Congress was not willing to address its most obvious, fundamental, Article I responsibility and, the result would be a further erosion of confidence in this critical institution.

But if this committee could reach agreement on even limited changes to the process it could set the stage for even more fundamental, comprehensive changes in the next Congress. Your time is short and the litany of reform proposals is long. But I believe one of those bipartisan reform’s time has come — biennial budgeting.

\footnote{Senior Vice President, Bipartisan Policy Center. The views expressed in this statement do not necessarily reflect those of staff, members, and officers of the Bipartisan Policy Center. U.S. Senate Staff 1981 to 2007; the U.S. Senate Budget Committee and Senate Majority Leader Bill Frist, M.D.}
Co-Chair Womack. Thank you very much, Mr. Hoagland. Mr. Wolfensberger.

**STATEMENT OF DONALD R. WOLFENSBERGER**

Mr. Wolfensberger. Thank you very much. And congratulations to you all——

Co-Chair Womack. Just make sure that mic is on.

Mr. Wolfensberger. Got it.

Co-Chair Womack. There we go.

Mr. Wolfensberger. Yeah. I just wanted to congratulate you all on being appointed to this important committee and wish you well in coming to some solution by your November 30th deadline.

"I have been asked by the staff to give some background on previous bipartisan efforts to reform the Congress. And so, I have not confined mine simply to budgeting, but there is a lot of that in this.

And what I have done in my testimony is look at six examples of things that I was involved in through the Rules Committee, through my leaders, Trent Lott and later Jerry Solomon, and, prior to that, John Anderson, my first boss, to try and improve things in the Congress.

So I am just briefly going to go through those six examples and talk about briefly what prompted the formation of these bipartisan panels to begin with, how they did, did they succeed or fail, and then what lessons have we learned from previous bipartisan efforts.

The first thing that I was involved in, 1969, was—or 1965, I am sorry. I was an intern up here, and my boss, John Anderson—I am from his home district in Illinois—sent me to the Joint Committee on the Organization of Congress. It was having hearings on congressional reform. So I monitored those hearings, reported back to him, helped prepare his testimony before the panel. He, at the time, wanted a joint committee on government research, as I recall, and that was what my work was on.

But the joint committee went through a long litany of hearings that summer of 1965. They finally reported something in 1966, but then it laid dormant for about four years. Why? Well, it seems that the Congress no longer was broken, so there was no need to fix it. Why? A guy name Lyndon Johnson was President, and he was putting through his juggernaut of Great Society legislation. And so things sort of laid dormant there for about 4 years.

I returned to the Hill full-time in 1969. And, lo and behold, it came back to life; the recommendations of the joint committee came back to life. Why? Well, there was another guy in town called Dick Nixon, who had some other ideas about how to run government. And so Congress thought it might be a good thing to address the “imperial presidency” now. So the recommendations came to life. They were passed.

I think you could say that the whole idea behind that joint committee was to modernize Congress, yes, improve its resources, staffing, and so on. But, also, the Democratic study committee was behind a lot of this, and they wanted to really address the problem of conservative committee chairmen there through the seniority system who were blocking a lot of progressive legislation.
So one of the things done in that law that was enacted in 1970, the Legislative Reorganization Act, was a committee bill of rights. And the Democrats addressed other issues through their caucus rules changes, such as electing of committee chairmen for the first time. I think that was in 1971 or 1972.

So that was my first experience. The next thing, though, came about in 1972 when President Nixon started impounding funds, withholding funds that had been appropriated by Congress. Congress was furious. They appointed a joint study committee, similar to this, to come up with some ideas as to how to address that. What they came up with: a suggestion for a congressional budget process and also an impoundment control regime.

So those two things were recommended, but the Democratic leadership decided, first of all, to go with impoundment control. So they put that through the House and the Senate, and then they became stalled in conference committee because one side wanted a two-house approval of impoundments, the other wanted a one-house veto of any Presidential impoundments. When that stalled, they finally came around to what the Republicans had been urging them, which is put the two together, have some balance, have a congressional budget process, impoundment control. That was done, and it went through. And that became, of course, the Congressional Budget and Impoundment Control Act of 1974.

The next thing that I was involved with in the 1973-1974 was a select committee, bipartisan, a select committee on committees in the House. And they were tasked with realigning committee jurisdictions. They came up with a proposal. It was very sweeping, comprehensive, but unfortunately it got stalled in the Democratic Caucus. Finally, the Democratic Caucus brought out their own substitute, which left the jurisdictions intact. And, as a result, the Bolling recommendations were doused in favor of, basically, status quo.

The next thing that I was involved with, the Beilenson bipartisan task force on budget reform in 1982. That basically went on for about 3 years. Actually, it was renewed in the next Congress. They came up with a set of recommendations. The Rules Committee reported them, but it never came up on the floor. But then, lo and behold, in 1985, we had a debt limit bill that went to conference, and the opportunity was there, and the Beilenson proposals were finally brought in together with the Gramm-Rudman-Hollings deficit control measure, which had sequestration.

Well, my time has run out. I did want to talk about the other things. There was a leadership task force on ethics in 1989—Vic Fazio and Lynn Martin. I worked for Lynn Martin at the time. Came up with some recommendations. The big thing that you all may have heard of was they gave up honorary in favor of a congressional pay raise. So that was sort of the carrot with that one.

And the other thing was the Joint Committee on the Organization of Congress, 1993-1994. Their recommendations didn’t go anywhere because the leadership, Democratic leadership, in the House pulled the plug. They were not behind it.

But we can talk a little bit later about what lessons were learned from these various things. It is a mixed bag, obviously, but leader-
ship has a lot to do with—making sure they are behind whatever recommendations do come out.

Thank you.

[The prepared statement of Donald R. Wolfensberger follows:]
Joint Committee Co-Chairs and committee members:

First, congratulations on being appointed to this committee and for your willingness to serve and hopefully contribute to improving our badly broken appropriations and budget processes. Second, thank you for inviting me to testify today on how such changes might be framed and supported in a bipartisan way. Let me make clear at the outset that the views expressed in my testimony are solely my own and should not be attributed to either institution with which I am affiliated.

I understand that I was invited in part because of my many years of service in the House between 1969 and 1998 as part of several important process reforms of the institution and for what lessons I might have taken away from those experiences. I got my toes wet early in the congressional reform pool when I first came to the Hill as an intern for my congressman, John Anderson of Illinois, back in the summer of 1965, between my two years of graduate school. Anderson assigned me to monitor the hearings of the Joint Committee on the Organization of Congress and assist in preparing his testimony before that panel.

When I returned to the Hill three years later as a fulltime legislative assistant to Anderson in January 1969, I continued my work with him on congressional reform matters, primarily through the House Rules Committee. Ironically, the 1965 joint reform committee’s work had been held in abeyance during my two-year hiatus as a Peace Corps volunteer in Africa, so I picked up where I left off in working with Anderson on what became the Legislative Reorganization Act of 1970.

That final act had substantial bipartisan support because it addressed both minority Republican desires for greater openness and accountability in the legislative process, and majority Democratic hopes to make committees more democratic and transparent. The overall thrust of the reforms was to modernize Congress and make it more responsive, capable and accountable.

My next involvement with reforming Congress came in the early 1970s with Congress’s confrontations with President Nixon over budgeting. The president wanted less spending and lower deficits and was scoring points with the public by impounding (withholding) funds that Congress had appropriated. The Democratic Congress was furious, and appointed a joint study committee on budgeting to recommend what should be done. While it recommended a comprehensive budget process that included impoundment control, the initial impulse of Democratic leaders was to bar presidential impoundments as a first step, and address congressional budgeting later. However the two houses stalled in conference committee over whether there should be a two-house approval of presidential impoundments or a one-house veto.

Consequently, with much prodding from Republicans, Congress proceeded to address both congressional budgeting and impoundment control in the same bill—with a congressional budget to be adopted as an alternative to the president’s budget, and a strict impoundment control
regime that would make any proposed presidential withholding of funds subject to congressional approval by law.

Contrary to some mistaken reports on that legislation, Nixon did not veto that bill but approved it with a signing statement that praised Congress for putting its overall budget plan in a single document that would both make it be easier for presidents to deal with, and for the public to understand.

Why was enacting congressional budget process reform eventually so bipartisan? Simply because Congress saw its most important constitutional power, the power of the purse, threatened by an aggressive president. The two parties came together and reacted institutionally to protect Congress’s prerogatives as the first branch first branch of government.

Another effort going on at about the same time was a 1973 bipartisan House Select Committee on Committees headed by Rep. Dick Bolling of Missouri, a member of the House Rules Committee. Its mandate was to make recommendations on realigning committee jurisdictions in the House to make them more rational and functional. The select committee came up with a comprehensive plan to realign committee jurisdictions. However, it ran into a buzz-saw of opposition in the House Democratic Caucus and its recommendations were eventually replaced by a watered-down caucus substitute that left most jurisdictions intact while making some minor procedural changes in House and committee rules.

The Bolling committee reforms failed because support for preserving existing committee lines was much stronger. There was bipartisan support and opposition to the Bolling proposals, but a House majority voted to preserve the status quo rather than risk eroding any committee’s turf. This may also explain why biennial budgeting has been rejected by the House at least twice in recent years despite super-majority cosponsorship: appropriators turned things around by convincing their colleagues that two-year appropriations would diminish Congress’s control of the purse strings vis-à-vis the executive. It was all about turf, with a capital “T” – both committee turf and overall congressional turf.

In 1982, Bolling, who had risen to the chairmanship of the House Rules Committee, appointed a bipartisan task force on budget process reform headed by Rep. Tony Beilenson of California – drawing on six members from Rules, and nine non-voting members from Budget, Ways and Means and Appropriations. The task force held a dozen work sessions and four hearings in 1982. In 1983, the new Rules Committee chairman, Rep. Claude Pepper of Florida, reapproronted the task force and expanded it to 19 non-voting members from other committees, with a mandate from the Democratic Caucus to report its recommendations. After 19 more work sessions and three more hearings the task force reported its budget process reform proposals in March 1984, and the Rules Committee followed suit in May by reporting the recommendations in a budget process reform bill.

Although the package never came to the floor for a vote in the 98th Congress, it took on new life in the 99th Congress under rather unusual but fitting circumstances. The House had passed a debt limit bill under the so-called Gephardt rule that automatically spun-off the debt limit number from the budget resolution into a joint resolution that was sent to the Senate without a separate House vote. Unfortunately, the Senate had no such rule and used the joint resolution on the debt limit to make a major change in the budget process called the Balanced Budget and Emergency Deficit Control Act, or Gramm-Rudman Hollings for short.
G-R-H established a glide-path of deficit levels each year down to a balanced budget, and, any time Congress missed its deficit levels, funds would be slashed across the board -- a process known as sequestration -- to make-up the difference. Confronted in conference with this radical change, the House countered by insisting on grafting onto the bill the bipartisan Beilenson task force reforms. The Senate acquiesced in these major and minor changes, most importantly by shifting from two budget resolutions each year to one resolution in the spring that could include reconciliation instructions to address tax and entitlement changes (but barring changes in Social Security thanks to Rules Committee chairman Pepper).

When the deficit glide path kept failing each year, and Congress had to keep adjusting its deficit numbers due to new assumptions, a new way was tried with the budget agreement of 1990 known as “Pay-As-You-Go,” or just PAYGO. Any increases in direct spending or decreases in revenues had to be offset by a comparable increases in revenues and/or decreases in spending so that overall changes would be deficit-neutral.

I was involved in some other congressional reforms, over my 28 years that were bipartisan and worked. One was the bipartisan leadership task force on ethics in 1989 that was prompted by some ethics scandals. It met in secret for the most part, but had some public hearings. The major upshot was the Government Ethics Reform Act of 1989 that abolished Members’ private honoraria in return for a pay raise, and also made changes in ethics standards in the other two branches.

The penultimate reform effort I worked on before retiring was the Joint Committee on the Organization of Congress in 1993-94, a bipartisan joint committee that was torn asunder by House-Senate differences as well as bitter, internal House partisan fights. House Democrats vowed they would not support any bipartisan reforms unless the Senate abolished the filibuster. The joint committee ended-up issuing separate House and Senate reports that were not bipartisan, and that ended up going nowhere -- at least, that is, until the new House Republican majority in 1995 implemented many of its proposed reforms in the opening day rules package for the 104th Congress -- my final involvement in House reform as a staff member.

What lessons have I taken away from this mixed history of congressional reform efforts? First, genuine, lasting reforms cannot be passed unless both parties and both houses come to the table with the firm conviction that job number one is to do what is: 1) either best for the institution; and/or 2) necessary to survive an angry, motivated electorate. That kind of effort entails checking your partisan guns at the door and thinking institutionally about how best to preserve our form of government, and then persuade voters that Congress is acting in the best interests of the nation.

Usually, Congress has acted in such a bipartisan fashion when it is most threatened in the public eye, either by ethics, fiscal or national security crises. I was reminded by a recent column that Congress’s approval ratings soared briefly after the way in which it handled the Watergate scandal and subsequent impeachment proceedings in 1973-74; and, much later, following the 9/11 terrorist attacks of 2001. The people want you to work well together to address major national challenges. Partisanship will still have its time and place, but at least recognize when the institutional and national interests must take priority, and act accordingly.

I would suggest you are now at such a critical juncture in the history of our Republic because public confidence and trust in our institutions of government, especially the Congress,
are at an all-time low and need addressing now. You can begin to help rebuild that trust and confidence by demonstrating that you want to fix Congress’s biggest failing to date, and that is its inability to manage the government’s purse strings in a responsible and timely fashion.

You can get the government back on track by adopting responsible budgets and separate appropriations bills before the start of the fiscal year. That means fully engaging in your budgeting responsibilities at the very outset each year, and not waiting until fiscal year’s eve to make noise by kicking the can down the road. Stop the government shutdown brinksmanship and start demonstrating some bipartisan congressional statesmanship by pledging to abide by your statutory timetables.

One final lesson I learned from my many years working in the reform stables, and that is that the people will not credit you for the reforms you enact; they don’t pay attention to such Capitol Hill minutia. They will credit you, however, for whether those changes result in a better functioning Congress that once again is responsive to the real needs and expectations of the people. Thank you.
It occurred to me after I had prepared and submitted my testimony to this committee that I had omitted some important information relating to the six examples I cited of bipartisan congressional reform efforts—namely (1) a fuller explanation of what factors prompted the creation of the panels in the first place, and (2) a better accounting of lessons learned both from the failed efforts and the successful ones. I am therefore submitting this supplemental statement for the record in the hope that it will provide the joint committee better clarity on what works and how to make your exploration of remedies for our broken budget process a fruitful one.

In my statement I indicated that many bipartisan reform efforts were prompted by crises of one kind or another and the need to address them—whether ethical, fiscal or national security crises. I should have added constitutional crises because many reform attempts were launched either because of conflicts with the executive or a decline in public trust and approval of Congress which ultimately undermine the credibility and integrity of the First Branch.

In the present situation, I believe your joint committee was formed both because public approval of and trust in Congress is at an all-time low, but also because you are failing at your most fundamental responsibility to superintend the government’s purse strings, resulting in record debt and deficits. So, today we are confronted with both a constitutional and fiscal crisis.

Turning to the six examples cited in my testimony of both successful and failed bipartisan reform efforts, I found that four of the six succeeded, while two failed. The first, the Joint Committee on the Organization of Congress in 1965, was formed because (a) Congress felt it was losing ground to the executive branch in terms of its powers and resources; it needed to modernize itself; and (b) the Democratic Study Group which spurred the joint committee idea felt that Congress was constrained by the seniority system characterized by conservative southern committee chairmen who bottled up progressive legislation.

The joint committee held extensive hearings in 1965 with witnesses from within the Congress, academics, and private and non-profit sectors soliciting assessments of Congress’s failings and suggestions for reform. It then deliberated over a period of weeks and reported a sweeping set of reform proposals. However, by 1966, President Lyndon Johnson’s Great Society juggernaut of progressive and civil rights legislation was well on its way, disproving that Congress was broken and needed fixing. No further action was taken that 89th Congress, nor in the following Congress.

It wasn’t until 1969, in the 91st Congress, that the joint committee’s recommendations were resurrected in the House Rules Committee, marked-up, and reported to the House. The joint committee’s proposals revived because: 1) there was a new sheriff in town, President Richard Nixon, whose “imperial presidency” ways were not as agreeable to a Democratic Congress and President Johnson’s employment of them; and 2) committees were settling back into their own ways, and the DSG was still out to replace the seniority system. This time, the effort was carried
to success, in part because the Democratic reform leaders made sure the Republican minority had buy-in with some of their reform proposals, many of which had been fleshed out in the aftermath of the 1964 Goldwater loss in a landslide to LBJ, with House Republican ranks shrinking from 176 members to 141. The House GOP elected a new leader, Rep. Gerald Ford of Michigan, and launched a concerted congressional reform project of its own resulting in the publication of their findings in the book, “We Propose a Modern Congress: Selected Proposals by the House Republican Task Force on Congressional Reform and Minority Staffing” (1966).

In short, the time was ripe on both sides of the aisle for shaking up and modernizing the institution, and the result was the “Legislative Organization Act of 1970,” which included a “committee bill of rights” that would, among other things, enable committee majorities to schedule legislation without the consent of a chairman. (The Democratic Caucus put the final nail in the seniority system a year or two later by requiring through its rules separate votes in the caucus on committee chairmen.) The belated success of the bipartisan joint committee reform effort, begun in 1965, can be attributed to strong and cooperative reform forces in both parties, fully backed by their elected leaders.

Because the 1965-66 joint committee had not dealt with either committee jurisdictions or budgeting, its work was supplemented shortly thereafter by new panels dealing with each. In 1972 a joint study committee on the budget was formed in direct reaction to President Nixon’s impoundment (withholding) of funds that had been duly appropriated by Congress. This was a constitutional crisis between the branches. The joint study committee, not constrained by formal rules, was able to report a set of recommendations calling both for a new congressional budget process and a new process to control presidential impoundments by making them subject to congressional approval or disapproval.

The Democratic leadership in both houses thought it was important to move first on impoundment control in 1973, given the perceived seriousness of the president’s encroachments on congressional prerogatives. But, after both houses passed their own versions of an impoundment control bill, the measure became stalled in conference committee over their different approaches to dealing with impoundments: approval versus disapproval. Subsequently, due in part to Republican pressures to deal with both budget process reform and impoundment control in the same bill, Congress enacted the Congressional Budget and Impoundment Control Act of 1974. Both parties recognized the need to strengthen Congress’s grip on the purse strings vis-a-vis the executive branch.

In 1973, Rep. Dick Bolling (D-Mo.), a member of the Rules Committee, was appointed to chair a bipartisan select committee on committees to develop a plan for realigning committee jurisdictions along more rational and functional lines. It was not in response to any particular crisis, but more an attempt to upgrade and modernize the committee system to deal with new issues and realities.

The select committee’s comprehensive plan was reported to the House in 1973, but stalled for months in a Democratic Caucus review committee. What finally emerged was a Caucus substitute, the committee reform amendments of 1974, that largely left committee jurisdictions intact while making some minor changes in committee procedures, including, for the first time, authority for the Speaker to refer bills to multiple committees. While the Bolling plan had some bipartisan support, the Caucus substitute had greater bipartisan support since members of both parties did not want to give-up any of their powers and jurisdictions. It was all about Turf, with
a capital-T, and the turf builders and protectors beat the turf changers. In the end, the Democratic leadership sided with its own caucus review committee and members in backing the status quo forces.

In 1982, Rules Committee Chairman Richard Balling appointed a bipartisan task force on the budget and its chairman, Rep. Tony Beilenson (D-Calif.). The reform effort was prompted by President Ronald Reagan’s hijacking of the budget reconciliation process in 1981 by defeating a special rule for reconciliation and substituting more favorable consideration of the Reagan budget cutting proposals. Once again, it was a constitutional crisis of sorts over the purse strings, though Reagan could not have pulled it off in the House without support from some fiscally conservative Democrats, known then as the Boll Weevils. (The Senate was under the control of Republicans from 1981-86.)

The Beilenson task force consisted of six members of the Rules Committee plus nine non-voting members from Ways and Means, Budget and Appropriations. It held 17 work sessions and four public hearings, but did not issue a final report in the 97th Congress. In 1983 the Beilenson task force was reappointed by the new Rules Committee chairman, Rep. Claude Pepper (D-Fla.), who also added another 19 non-voting members. In 1984 the task force reported its recommendations in March. Though no floor action was taken in the 98th Congress, Beilenson was assured by leadership that the recommendations were not dead, and a way would be found to deal with them in the 99th Congress.

That occasion arose in 1985 when a debt limit resolution was in a House-Senate conference committee. The House had sent a clean debt measure to the Senate, but the Senate tacked on a new budget process called the “Gramm-Rudman-Hollings” Balanced Budget and Emergency Deficit Control Act. It provided for a seven-year deficit reduction glide path to a balanced budget. The House members of the conference committee insisted on including the budget process reform recommendations of the Beilenson task force, and the Senate acceded. The main lesson learned was that persistence behind meaningful reform pays off, even if it takes two or three Congresses to marinate, so long as it ultimately has bipartisan leadership backing.

In 1989, a non-budgetary reform task force was appointed in the House on ethics. It was in direct response to several ethics scandals in Congress, the most notable being the ABSCAM scandal in which members were caught in an FBI sting operation, accepting bribes to assist foreign millionaires with immigration problems. The bipartisan task force was headed by Reps. Vic Fazio (D-Calif.) and Lynn Martin (R-Ill.). It held numerous off-the-record private meetings and interview with individual members to solicit ideas for reform. The final product had overwhelming bipartisan support because it outlawed Members’ private honoraria in exchange for a pay raise. Other important reforms were included in the Ethics in Government Act of 1989 that applied to all three branches.

Again, the key to success was the informal settings that allowed task force members to get to know each other better while making sure all House members who wished could brief the task force in private. Solid leadership backing obviously made the final difference in the measure passing the House by voice vote.

In 1992, Congress established a Joint Committee on the Organization of Congress patterned after the 1945 and 1965 joint committees of the same name. What prompted this second session
action was the House post office and bank scandals that resulted in dozens of members retiring due to disclosed overdrafts at the House members’ bank (that really wasn’t a bank).

The four co-chairs were Reps. Lee Hamilton (D-Ind.) and David Dreier (R-Calif.), and Sens. David Boren (D-Okla.) and Pete Domenici (R-N.M.). The joint committee was not allowed to organize in 1992, but was reappointed in 1993, and went on to hold extensive hearings and deliberations on congressional reform proposals. While Republicans pushed for many reforms that were not acceptable to the Democrats, some were. Nevertheless, the joint committee broke into open hostilities when committee House Democrats insisted they would not support any reforms applicable to the House unless the Senate abolished the filibuster. That open schism resulted in two separate reports being issued, one by the House half and one by the Senate half of the joint committee. The bill was referred to committee in both houses but never made it to the floor of either body. In the House, Speaker Tom Foley (D-Wash.) directed Rules Committee chairman Joe Moakley (D-Mass.) to pull the bill in the middle of markup.

Since the joint committee was created partially out of fear that the Democrats would lose control of the House in 1992 in the wake of the post office and bank scandals, their retention of majority control took the pressure off moving on any meaningful reforms. The fact that the House Speaker had to order the bill to be pulled was clear indication that the effort had lost the crucial support of the Democratic leadership. Nevertheless, when Democrats did lose the House in the 1994 elections, the new Republican majority implemented many of the reforms on the opening day of the 104th Congress. While the joint committee can be considered a failure because of its loss of support within the majority leadership and caucus, some of its efforts nevertheless were revived in the following Congress under a more supportive majority leadership.

To sum up what has worked in past reform efforts: (1) There must be a perceived need for reform that will benefit the institution as a whole as well as individual members of both parties; (2) There must be a commitment among members to check their partisan guns at the door; (3) Private meetings and briefings among members of the bipartisan panels have helped to build relationships and trust, out of the glare of the television lights; (4) Soliciting the views of other members of the House and Senate, both privately and in formal hearings, can help to ensure buy-in when a final report is issued; and (5) Full bipartisan leadership backing throughout the process is important to sustain the effort as well as to put it across the goal line when the final product is brought before both bodies for a vote.
Co-Chair Womack. Thank you, sir.
Ms. Holubowich.

STATEMENT OF EMILY HOLUBOWICH

Ms. Holubowich. Co-Chair Womack, Co-Chair Lowey, and other members of the Joint Select Committee, I thank you for the opportunity to testify before you today as a member of the Convergence Building a Better Budget Process Project. It is a distinct honor to be invited to represent my Convergence colleagues.

As a senior vice president at CRD Associates, I have advocated on behalf of several health groups through several appropriations cycles. I participated in the Convergence project in my role as executive director of the Coalition for Health Funding, an alliance of 95 national health organizations representing more than 100 million patients and consumers, health professionals, and researchers.

In both the Convergence budget project and in my testimony before you today, I am representing the views of myself and not those of the Coalition for Health Funding, my employer, or the health groups I represent.

I am not an expert in budget rules and procedure like my colleagues from the Bipartisan Policy Center, but I am an expert in what the Federal budget means to Americans and what happens when the process goes off the rails.

As you know, the vast majority of Federal funding for discretionary public health and health research flows from Federal agencies to State and local governments, academic institutions, and nongovernmental organizations in communities across the nation. These entities rely on predictable, stable funding to pursue their missions of protecting and promoting Americans' health.

When the Federal budget process breaks down, dysfunction disrupts their operations. New initiatives and new hires are put on hold, procurement cycles lapse, opportunities are lost, and the American people are ultimately hurt.

In the Convergence project dialogue, I saw an opportunity to work with others who, despite our differing perspectives, share an interest in making the process work. None of us are naive enough to believe we can perfect the process or that changes can work without the political will to make them work. But even marginal improvements that bring about greater predictability and stability would be welcomed by the communities we represent.

So how did our group of strange budget bedfellows find consensus?

In 2015, Convergence was funded by the Hewlett Foundation’s Madison Initiative, with additional support from the Stuart Family Foundation, to elevate the voice of stakeholders who represent those directly affected by Federal revenue and spending decisions.

Convergence staff first conducted more than 100 interviews with myriad stakeholders across sectors, constituencies, and ideologies to solicit their perspectives on the budget process and ultimately invited 24 stakeholders, including my colleague Matt Owens and myself, to participate in the project.

For the next 16 months, we met under the guidance of the Convergence staff and a professional facilitator to find common ground and reach consensus. After our first meeting to identify pain points
in the current budget process and build camaraderie and trust in sharing our misery, we focused on developing principles that would serve as our true north in guiding our discussions and evaluating our proposals.

After several meetings and iterations, we ultimately agreed on nine principles to which a budget process should adhere and that we have submitted to the record.

For me, the principle that resonated most is that the process should be neutral or unbiased. As several of you noted during your first hearing and as you noted this morning, Mr. Womack, the process should not be designed to favor a particular policy or outcome or ideology. This principle is essential to any successful process reform and was key to reaching consensus on our proposal.

If we had allowed our discussions to veer away from process toward outcomes, I don't believe we would have reached consensus. Without this principle and others, we don't believe your attempts to reform the process will succeed either.

During the development of our nine principles for process reform, four themes emerged that informed our thinking and may inform yours.

The first theme is that elections drive outcomes. The ultimate incentive for lawmakers to address any issue, including the Federal budget, is whether or not their constituents care about it and the extent to which it influences their vote.

The second and third themes are that credible information provided at the right time matters and that effective budget institutions like CBO are crucial to the production of trusted information.

The final theme and what I believe the group thinks is most important is that new norms are needed to break bad habits. For any budget process to work, you and your colleagues have to want it to work and see the value in it doing so. As someone who works in public health, I appreciate that behavioral change is hard. If changing people’s behaviors was easy, we wouldn’t be in the midst of an opioid crisis and an obesity epidemic. It will take concerted effort on the part of you and your colleagues to make lasting changes.

I hope my testimony has helped frame the Convergence Budget Process Project and has provided additional context for our proposals. My colleague Matt Owens will now review our five consensus proposals for you.

Thank you again for this opportunity to be here today. I look forward to your questions.

[The prepared statement of Emily Holubowich follows:]
Testimony of

Emily J. Holubowich, MPP

Convergence Building a Better Budget Process Project Participant
Executive Director, Coalition for Health Funding

Before the Joint Select Committee on Budget and Appropriations Process Reform

May 9, 2018

Co-Chair Womack, Co-Chair Lowey, and other Members of the Joint Select Committee on Budget and Appropriations Process Reform, thank you for the privilege of appearing before the Committee today. I applaud the Committee’s continued effort to tackle the budget and appropriations process—a topic that does not make front page headlines but is incredibly important to a well-functioning government.

I come before you today as a member of the Convergence Building a Better Budget Process Project (B3P) dialogue table. My testimony will explain why I joined the dialogue, why the Convergence B3P project was started, and how my colleagues and I reached consensus on principles and proposals for reform. My colleague and fellow project participant, Matt Owens, has submitted testimony about the five reform proposals our group developed.

Currently, I am a Senior Vice President at CRD Associates where I represent several health groups, and I have worked on their behalf through 15 appropriations cycles. I participated in the Convergence B3P project in my role as the Executive Director of the Coalition for Health Funding, which is an alliance of 95 national health organizations representing more than 100 million patients and consumers, health providers, professionals, and researchers that work together in support of federally funded discretionary health programs. In both the Convergence B3P project, and in my testimony before you today, I am representing the views of myself and not those of the Coalition for Health Funding, my employer, or the health groups I represent.

As you know, the vast majority of federal discretionary funding for public health and health research flows from the federal agencies to state and local governments, academic institutions, and nongovernmental organizations in communities across the nation. These entities rely on predictable, stable funding to pursue their missions of protecting and promoting Americans’ health. When the federal budget process breaks down, dysfunction disrupts their operations. New initiatives and new hires are put on hold. Procurement cycles lapse. Opportunities are lost. And ultimately, the American people are hurt. In the Convergence B3P project dialogue, I saw an opportunity to work with others who hold disparate—and sometimes, opposing—interests to improve the budget process and restore faith in the federal government. None of us are naïve enough to believe we can perfect the process—but even marginal improvements to bring about predictability and stability to the federal budget would be welcomed by the communities we represent.

By way of background, let me briefly describe Convergence and the origins of this project. Founded in 2009, Convergence is a national nonprofit that seeks to bring individuals and
organizations with divergent views into a dialogue about topics of national importance. Convergence hires project staff to organize the dialogues and provide expert advice to the group. In addition, it hires a professional facilitator to ensure a productive dialogue process where every stakeholder is heard. Through Convergence’s work over many years on many topics, there have been several lessons about reaching consensus that may inform the Joint Select Committee’s work. I have included a statement from Convergence’s founder, Rob Fersh, discussing some of these important lessons as an addendum to my testimony for the record. You can learn more about Convergence and their projects on their website, www.convergencelpolicy.org. It is important to note that Convergence does not endorse recommendations or proposals from any of their projects. Convergence views this work as that of the stakeholders and not Convergence itself.

In 2015, Convergence was approached by the Hewlett Foundation’s Madison Initiative about organizing a project on federal budget process reform. Their goal for the project was to elevate the voice of the stakeholders through organizations that represent sectors and individuals across the country that are affected by or rely on federal revenue and spending decisions. With a generous grant from the Hewlett Foundation and additional support from the Stuart Family Foundation, the project began.

Each Convergence project begins with an assessment phase. The assessment phase is an intensive period of interviews and research to determine interest in the topic and a frame for the dialogue. During this phase of the Convergence B3P project, the goal of the stakeholder interviews was two-fold: first, to learn more about how the federal budget process affects a wide array of constituencies; and second, to identify possible participants in the dialogue phase.

After interviews with more than 100 individuals who represented the breadth of sectors, interests, and ideologies in the federal budget process, a consensus emerged that the current process is indeed broken. Time after time, no matter their own belief or constituency represented, interviewees lamented the failings of the process. Many had ideas for how to fix it. From major defense contractors to small non-profits, everyone wanted change.

Hearing the demand for a conversation, the project moved into the dialogue phase where Convergence invited 24 stakeholders—many of whom were interviewed during the assessment phase—to participate. They included both budget experts and advocates representing major sectors and key constituencies such as: children, millennials, and the elderly; armed services personnel and veterans; professors and students; health care providers and patients; as well as business owners and state officials.

For the next 16 months, participants met under the guidance of the Convergence B3P staff and a professional facilitator with decades of experience helping groups with divergent interests find common ground and reach consensus. At our first meeting in November 2016, the discussion focused on the problems with the process. Using sticky notes, the participants filled multiple walls with comments on how the process was working and how it was not. In this exercise, the comments overwhelmingly noted the failings of the process. Discovering this only hardened the resolve of participants to reach consensus on a meaningful set of reforms.
We next turned to a discussion of foundational principles for building a better budget process. These principles would serve as our “true north” in guiding our discussion and provide a benchmark for evaluating our proposals. We ultimately agreed on nine principles to which a budget process should adhere. These principles have been submitted to the record, and were distributed to each Member of the Committee prior to this hearing.

For me, the principles that resonated most are that the process should be unbiased, durable, and inclusive. As was mentioned during the first hearing of the Joint Select Committee, an unbiased or neutral process does not favor any policy outcome or ideology. This is key to any effective reform initiative. A durable process works regardless of who controls Congress or the White House, and regardless of the political and fiscal environment. An inclusive process allows input from all Members of the House and the Senate, as well as stakeholders and citizens. Without these principles, any attempt to reform the process will not stand the test of time, and we will find ourselves in these same exact seats having the same exact conversation. While I fundamentally believe all nine principles are key for any reform, this sampling resonated most with my daily representation of health professionals, researchers, patients, and caregivers across the country.

Our principles for a better process emerged from deliberative dialogue. During these discussions, four themes emerged that informed the development of our proposals. The first theme is that elections drive outcomes. The ultimate incentive for lawmakers to address any issue—including the federal budget—is whether or not their constituents care about it and the extent to which it influences their vote. The second and third themes are that credible information, provided at the right time, matters and that effective budget institutions are crucial to the production of trusted information. Indeed, as our dialogue progressed it became clear that the most successful and meaningful components of past process reforms were those that created new budget institutions, e.g., the Congressional Budget Office (CBO), that provided more and better information to Congress and the president.

The final theme, and what I believe the group thinks is most important, is that new norms are needed to break bad habits. No one inside or outside the Beltway expects “regular order” for appropriations bills where continuing resolutions are unnecessary. For any budget process to work, people will have to want it to work—and see the value in it doing so. As someone who works in public health, I understand that behavioral change is hard. As you know, many health problems stem from bad habits—not eating balanced meals, abusing alcohol and drugs, or not exercising—and creating new healthy habits is easier said than done. It will take a concerted effort on the part of lawmakers—including the congressional leadership—to make changes last and become part of a new norm where Congress expects the budget process to work and be completed on time.

Thank you very much for the opportunity to share the Convergence B3P group’s work with you.
ADDENDUM TO THE TESTIMONY OF EMILY HOLUBOWICH

Written Statement for the Record of

Robert J. Fersh
President and Founder
Convergence Center for Policy Resolution
Reaching Consensus Across Differences

Before the Joint Select Committee on Budget and Appropriations Process Reform
May 9, 2018

Thank you Co-Chair Womack, Co-Chair Lowey, and Members of the Joint Select Committee on Budget and Appropriations Process Reform for the opportunity to submit this statement for the record. We, at Convergence, are honored that the JSC has taken an interest in the Convergence Building a Better Budget Process Project. We appreciate the opportunity for Emily Holubowich and Matt Owens, participants in our Building a Better Budget Process (B3P) project, to provide the Committee with a greater understanding of the consensus proposals they developed. This written testimony is intended as a complement to their testimony, to explain why Convergence undertook this project and our approach to reaching consensus across differences. We hope this information will be useful to the Committee.

My name is Robert Fersh and I am the President and Founder of Convergence, a non-partisan, non-profit organization founded in 2009. Our mission is to convene leaders with diverse or conflicting views to build trust, identify solutions, and form alliances for action on critical national issues. Convergence itself does not take positions on policy recommendations developed by the stakeholders we convene, although we do help them coordinate efforts to move their ideas forward. Over the past nine years, we have successfully addressed such challenging issues as: K-12 Education; Nutrition and Wellness; Long Term Care for Elderly and Disabled Persons; and U.S.-Pakistan Relations. Current national projects also address Economic Mobility, Incarceration and the topic of this hearing, the Federal Budget Process.

We decided to undertake this project on federal budget process reform because of its importance to the nation. The regular failure of Congress to fully explore budget priorities and to establish timely and responsive federal budgets has had negative impacts on our society. It has simultaneously contributed to a loss in public confidence in Congress’ ability to function. We hoped that, in combination with the skills and knowledge of our stakeholders, we at Convergence could contribute to designing a more functional and effective federal budget process. We believe we have assembled a unique group of knowledgeable and influential stakeholders who can help Congress make constructive change in this arena. We are grateful that support of the Madison Initiative of the Hewlett Foundation, later supplemented by funding from the Stuart Family Foundation, made this work possible.
Before describing how Convergence does its work, I would add that much of the impetus for me to start Convergence came from my experience working for three different Congressional Committees—the Senate Budget and Agriculture Committees and the House Agriculture Committee. In each instance, I had the opportunity to work on a bipartisan basis to fashion legislative proposals on important issues of the day. From this experience, I came away with an indelible impression that individuals—Members of Congress, their staffs or outside groups—who genuinely wanted to solve problems could find important common ground in service of their goals, if they found ways to constructively engage those who held differing points of view.

The Convergence Process Applied to the Federal Budget Process

Our Building a Better Budget Process project is an excellent example of how the Convergence model works. The project followed the key steps outlined below to reach a set of consensus proposals to improve the budget process.

1. Identify and Research an Issue
The project began with an assessment phase consisting of several meetings to discuss contentious topics in the budget process. Over 100 interviews with stakeholders representing the breadth of ideology and depth of policy issues were conducted. This research provided a frame for a discussion—we found there is widespread agreement across the political spectrum that the federal budget process is not only dysfunctional but it also adversely affects the groups we spoke with, as well as their constituents. As we further defined the goal of our project, we also understood this process would only work if we limited ourselves to process reforms that would not tip the scales one way or another toward the policy preferences of any member of the group. The sweet spot for our conversations was finding process reforms that would truly be policy neutral.

2. Convene Stakeholders and Build Trust
After determining the frame, the project moved to a 16-month facilitated dialogue. During that time, the stakeholders came together for 14 meetings.

The B3P stakeholders are incredibly ideologically diverse and represent the broad spectrum of groups with business before the federal government. Stakeholders came from groups ranging from the Food Research and Action Center, and the Center for American Progress, to the National Taxpayers Union and Americans for Prosperity. Each had their own concerns about the budget process and ideas for how to fix it. However, through this project, stakeholders moved past their entrenched interests and ideas to seek common ground on a set of consensus solutions.

Once participants agreed on the problem, stakeholders discussed underlying interests and values to create a sense of common purpose and deeper understanding of one another. This led to trust among participants and the ability of people to move beyond concerns about one another’s motives. The group then developed shared principles for a better budget process, which in turn guided the development of the specific proposals of the group. Both the principles such as the budget process should be comprehensive and predictable and the proposals are included in the group’s final report.
The stakeholders work was enhanced by a professional facilitator who is skilled in catalyzing productive and constructive conversation, while also enforcing mutually agreed ground rules. The facilitator created space for every participant to be heard, regardless of their viewpoint or ideology, and the ground rules ensured confidential and civil conversations.

3. Develop Shared Proposals
Through negotiation, innovation, and sustained dialogue, participants considered existing ideas for process reform and created new ones. During the discussions, stakeholders tried on ideas they might have quickly dismissed if not for the freedom to explore these ideas in a safe and confidential setting. To further allow for honest and full exchange, Convergence staff used shuttle diplomacy and small group work, in addition to project meetings, to build consensus on proposals consistent with the project’s principles. This effort, coupled with the commitment of the stakeholders to budget process reform, led to agreement on the five proposals discussed during the hearing.

4. Take Action
Our budget project participants finalized their agreement in early February 2018. We are pleased to say that a broad range of our stakeholders remain engaged in promoting the proposals of the group. Since the group reached agreement, it has presented its ideas at a “budget summit” in February hosted by the Committee for a Responsible Federal Budget, met privately with many Members of this Committee and other relevant Congressional offices, and continue to develop new ways to share their proposals with Members, the media, and other outside groups.

The creation of this Joint Select Committee has created a unique forum for the proposals of the B3P group to be heard. Like you, we hope that the deliberations of this Committee will lead to positive, bipartisan reforms in the federal budget process. B3P participants and Convergence stand ready to assist the Committee in any way we can.

Conclusion
We hope that this explanation of the process utilized to form consensus proposals on the federal budget process will prove useful to this Committee. We believe that the approach and the specific steps we have employed to address a wide range of contentious issues can help Congress reach solutions that satisfy competing interests. Our stakeholders have shown that it is possible to find agreement on budget process reform. I urge you to use our example and experience to work together on a package of meaningful reforms.

In closing, thank you for the opportunity to submit this statement for the record and for your consideration of the Building a Better Budget Process proposals. We look forward to following the Joint Select Committee’s continued deliberations and remain hopeful that the Committee will reach agreement on meaningful reforms to improve the budget process.
Co-Chair Womack. Thank you, ma’am.
Mr. Owens.

STATEMENT OF MATTHEW OWENS

Mr. Owens. Thank you to the co-chairs and members of this important panel for the opportunity to testify.

I have worked on behalf of research universities for over 20 years, and I have seen the consequences of Federal budget process dysfunction. Student financial aid decisions are held up, important medical research is delayed, and long-term planning is made more complex and time-consuming because Congress does not complete the budget in a timely or predictable manner. This is highly inefficient. It wastes time and institutional and taxpayer resources that would otherwise be used to achieve the teaching, research, and service missions of universities.

I chose to participate in the Convergence project for this reason and in the spirit of what people at research universities do every day; they seek to address and solve difficult problems facing the Nation. My employer, the Association of American Universities, supports the Convergence group proposals for these same reasons.

Understanding that you have copies of the report, I will briefly highlight our five consensus proposals.

The first proposal is what we call the Budget Action Plan. It synchronizes the budget process with the electoral and governing cycles, and it calls on each new Congress to adopt a 2-year budget that is signed into law by the President.

The Budget Action Plan has three required elements and one optional provision. First, it sets discretionary spending levels for 2 years. Second, it lifts the debt limit by any shortfall agreed to in the legislation. And, third, it authorizes a lookback report to analyze the impact that enactment of the budget would have on the long-term fiscal outlook. Additionally, the plan allows Congress the option to consider one reconciliation bill per fiscal year.

Our second proposal requires the CBO to produce a report that we entitled “The Fiscal State of the Nation.” It would be issued during the Presidential election cycle and would outline key information about our Nation’s finances, including but not limited to: long-term projections for debt, deficits, interest payments, revenues, and spending; a breakdown of all major revenue sources and tax expenditures; and any estimated shortfalls in long-term spending programs.

This report would be widely distributed and provide information in reader-friendly ways to allow non-Washington-insiders to better understand the budget. We believe this report would provide a full picture of the Nation’s finances, elevate public discussions about the budget, and help voters make more informed choices at the polls.

Our third proposal seeks to reinforce the importance of the long-term effects of budget decisions. We propose that every 4 years the GAO review portfolios of programs that involve long-term or intergenerational commitments. The reviews would cover programs grouped by topics such as retirement security, health coverage, or national security. This information would also be included in the “Fiscal State of the Nation” report.
Our fourth proposal is to strengthen the Budget Committees. It was irresistible for some in our group to suggest eliminating the committees; however, we agreed that the stature of the committees needs to be restored to help improve their ability to lead the process. We propose that the chairs and ranking members of key fiscal and authorizing committees, or their designees, serve on the Budget Committees. We believe this proposal would ensure that those who are responsible for carrying out the budget would be vested in the process to develop it.

Our last proposal calls on Congress to give budget support agencies, such as the CBO and the GAO, the resources necessary to provide credible, high-quality, and independent information. Our proposal includes new responsibilities for these agencies, so it is important that they have adequate resources.

These five proposals will not yield a perfect budget process; however, we believe they contain practical and achievable measures that can be developed further to implement a process that facilitates informed, unbiased, and sound decision-making.

In closing, I will offer a shared view among our group: namely, no single budget process reform or package of reforms can by themselves remedy the prevailing dysfunction. Process reforms alone cannot force Congress to reach budget deals. Political will is needed.

But process matters, and small or large changes can create ownership and buy-in for new expectations and norms for budgeting. Right now, expectations are low and norms are broken. It has been more than 20 years since all appropriations bills were passed prior to the start of the fiscal year. Just 27 percent of Senators have seen the process work, and for House Members it is only 16 percent.

As such, we believe our proposals are a strong starting point for your consideration. On behalf of all the Convergence project participants, we wish you success. Your work is critical not only to effective Federal budgeting but also the governance of our Nation.

Thank you.

[The prepared statement of Matthew Owens follows:]
Testimony of

M. Matthew Owens

Convergence Building a Better Budget Process Project Participant
Vice President for Federal Relations and Administration,
Association of American Universities (AAU)

Before the Joint Select Committee on Budget and Appropriations Process Reform

May 9, 2018

Thank you Co-Chair Womack, Co-Chair Lowey, and Members of the Joint Select Committee on Budget and Appropriations Process Reform for the opportunity to testify. I am honored to present to you the proposals that members of the Convergence Building a Better Budget Process (B3P) project developed to improve the federal budget process. My testimony dovetails with the testimony of my colleague Emily Holubowich, who also participated in the Convergence B3P project and whose testimony provides important context about how the project participants reached consensus agreement on the five proposals I will delineate.

By way of background, let me share with you why I joined the Convergence B3P project. For the past two decades, I have worked at the Association of American Universities (AAU) and one of its member institutions. The students, professors, researchers, and administrators at AAU member research universities are all negatively affected by the dysfunctional federal budget process. Important medical research is delayed, experiments that hold the promise of new innovative technologies are put on hold or protracted, student aid decisions are held up, and long-term planning decision-making is made more complex and time-consuming because Congress does not complete its most basic constitutional obligation—funding the government. This is highly inefficient. It wastes time and institutional and taxpayer resources that would otherwise be used to advance their educational missions of teaching, research, and service. I chose to participate in the Convergence B3P process for this reason and in the spirit of what the people at research universities strive to do every day—address and solve difficult problems facing our nation. AAU endorsed the Convergence B3P proposals for the same reasons.

Using the Constitution as the foundation and the principles and themes that emerged from our dialogue, the B3P group crafted five proposals for improving the federal budget process. Through the lens of their own experience and ideology, or the priorities of their organization and the people it represents, each stakeholder may have an individual opinion about what policy options would best fix the process as viewed. However, our five proposals are based on consensus, and consequently, they reflect compromise. My colleagues and I do not believe these five reforms will yield a perfect process. However, we believe that taken together, the proposals contain practical, achievable, and important measures that can be developed and expanded to
implement a process that facilitates informed, unbiased, and sound decision making that yields logical decisions reflecting the will of Americans.

I. Budget Action Plan

The first and most substantial proposal is the Budget Action Plan. This proposal synchronizes the budget process with the electoral and governing cycle. It sets the expectation that each new Congress should adopt a two-year budget that is signed into law by the new or continuing president. This reflects current practice, in which two-year deals have been reached to adjust the 2011 Budget Control Act discretionary caps. However, unlike the current practice of legislating a budget after the first of the two fiscal years covered by the budget is already underway, our proposal moves consideration of the Budget Action Plan to the beginning of each new Congress. Our intent is to set a new expectation and norm that the budget is determined well in advance of the beginning of the next fiscal year so that the Appropriations and other budget-implementing committees have adequate time to complete their work.

The Budget Action Plan has three required elements and one optional provision. First, it sets discretionary spending levels for two years. Our proposal does not prescribe how the discretionary spending levels are categorized (i.e. one discretionary spending cap, separate defense and non-defense spending caps, or a separate security and non-security cap). We leave this decision to Congress, as well as decisions about whether or not to include other sub-allocations for a group of programs, such as infrastructure or education. Under our proposal, appropriations that stem from the budget could be made annually or biannually.

Secondly, the Budget Action Plan lifts the debt limit by any shortfall agreed to in the legislation. For example, if the Budget Action Plan for FY2020-21 resulted in a $100 billion deficit, then the debt limit would be increased by $100 billion.

Thirdly, the Budget Action Plan would authorize a look-back report prepared by the Congressional Budget Office (CBO) or the Budget Committee. The report would examine: any difference in appropriations bills and the spending levels passed in the Budget Action Plan; how any reconciliation bills compare to instructions passed in the Budget Action Plan; and how enacted legislation affects the long-term fiscal outlook as highlighted in the Fiscal State of the Nation, our second proposal that is described in the next section.

Finally, the Budget Action Plan allows Congress the option to consider one reconciliation bill per fiscal year. This is a change from the current reconciliation rules whereby Congress may consider up to three reconciliation bills in a year—one for deficits/debt, one for revenues, and one for spending. To reconcile spending and revenues, the group agreed only one set of instructions per year was necessary, as it is nearly impossible to divorce discussions about spending and revenues.

I should note that the Budget Action Plan does not preclude Congress from passing a budget resolution. My colleagues and I recognize budget resolutions can be useful tools to outline the
governing vision of the majority party, minority party, or some other congressional subset or caucus, particularly when party control in one or both chambers of Congress is different than that of the president. However, we propose that any budget resolution should comply with the Budget Action Plan. Namely, the spending and revenue levels in the first two years of any budget resolution should match those specified in the Budget Action Plan.

II. Fiscal State of the Nation Report

The second proposal requires the CBO to produce a quadrennial report outlining key information about our nation’s finances. This “Fiscal State of the Nation” would be published in such a way that allows citizens who are not budget experts or Washington insiders to understand taxes and other federal revenues and how and on what the government spends taxpayers’ money. The CBO would time the report’s release to have the greatest impact during the presidential election cycle. A primary goal of the Fiscal State of the Nation report is to bridge the gap between what Americans think they know about federal spending and revenue, and the reality.

The Fiscal State of the Nation report would include: long-term projections for the next 25 years including debt, deficits, interest payments, revenues, and spending; a selection of alternative projections including those from governmental sources such as the Trustees of Social Security and Medicare; a breakdown of all major revenues sources and tax expenditures organized to show which Americans pay taxes and which taxpayers benefit from tax expenditures; a discussion of trends inside the portfolios established by the portfolio review (see the third proposal in the next section); and any estimated shortfalls in long-term spending programs that are funded by dedicated revenues. My colleagues and I believe such a report would provide the American people with a comprehensive picture of the nation’s finances, elevate public discussions about the federal budget, and help voters make more informed choices at the ballot box.

III. Periodic Long-Term Reviews for Major Programs

Our third proposal aims to provide more information about the nation’s long-term finances by requiring periodic, long-term reviews for major programs by the Government Accountability Office (GAO). Every four years, the GAO would conduct a review of programs that have commitments outside the 10-year scoring window to consider promises, commitments, and goals of the programs within a portfolio. In so doing, GAO would study expenditure projections for each portfolio under various programmatic assumptions for the next 10 to 25 years; look at the recent performance of a portfolio, project performance for the next 10 to 25 years, and provide recommendations for how to improve the program; and, finally, conduct a “stress test” of programs to see how they would perform in extreme scenarios, such as a major recession or a two-front war. This information would then be included in the Fiscal State of the Nation Report. The Budget Committees would define the portfolios to be studied, as well as determine the review schedule. The goal of this proposal is to ensure Congress has high-quality information, on a consistent basis, when considering potential changes to revenues and mandatory spending. This
would be similar to the way discretionary programs undergo review as part of the annual appropriations process.

IV. Strengthen the Budget Committees

Our fourth proposal is to strengthen the Budget Committees. Created in the 1974 Congressional Budget and Impoundment Control Act, the Committees have proven effective at managing the budget process in the past. However, as budget decisions have become more centralized in recent years, the Budget Committees’ stature and capacity to manage the budget process has waned. To restore the standing of the committee, my colleagues and I propose the Chairs and Ranking Members of key fiscal committees, or their designees, serve on the Budget Committees. Any remaining members would be appointed to ensure the majority-minority balance on the Budget Committees reflects each chamber’s composition. The Budget Committees would also develop and execute the Budget Action Plan and have oversight over the production of the Fiscal State of the Nation Report and GAO’s periodic portfolio reviews. Ideally, this proposal would change how Congress and outsiders perceive the Budget Committees and ensure that those who are responsible for operationalizing the Budget Action Plan through appropriations and authorizing legislation are involved in its development and vested in the process.

V. Budget Support Agencies

Our fifth proposal calls on Congress to give budget support agencies such as CBO, GAO, and the Joint Committee on Taxation the resources necessary to provide Congress, the administration, and the American people with credible, high-quality, and independent information. Our proposals include new responsibilities for these institutions, so it is important these institutions have sufficient resources to perform their current and proposed responsibilities.

Taken together, our five proposals have the potential to improve the federal budget process. They also have the added benefit of addressing the nine principles and four themes that Ms. Holubowich outlined in her testimony. We believe the proposals are a strong starting point for the Joint Select Committee as you consider budget process reforms.

You will notice our proposals do not include many ideas that have been proposed by others and are under consideration by the Joint Select Committee such as: restoring earmarks, creating triggers for automatic continuing resolutions, moving the start of the fiscal year, abolishing the Budget Committees, or establishing penalties for inaction such as “no budget no pay.” Our group discussed these and many other ideas but ultimately, we did not include them because we could not reach consensus agreement. In most cases, ideas were excluded because they did not meet our nine principles for process reform or our judgment was they would not substantively improve the process and might even make it worse.

In closing, I will offer a shared view among the Convergence B3P participants. Namely, no single budget process reform or package of reforms can by themselves remedy the prevailing dysfunction. Process reforms alone cannot force policymakers to reach budget agreements. But
process matters, and changes—small or large—that Congress decides to adopt can create ownership and buy-in for new expectations and norms for determining and managing our nation’s finances.

Coincidentally, the final meeting of the Convergence B3P project group occurred on the same day the Bipartisan Budget Act of 2018 was released and the proposal to establish this Joint Select Committee was first made public. Our group was heartened by the creation of this Committee because it is consonant with our consensus view that ultimately, budget process only works if there is sufficient political will to make it work. The Joint Select Committee is evidence that the political will is present and growing.

On behalf of all the Convergence B3P project participants, I thank you for the opportunity to testify on our ideas to make the federal budget process work better. We wish you great success in this important endeavor that is critical not only to effective federal budgeting but also the governance of our nation.
Co-Chair WOMACK. We appreciate the opening comments by our witnesses here this morning. We are now going to begin our question-and-answer period. I will begin first.

Mr. Hoagland, do you believe the debate over 2-year budgeting has evolved? Is it time?

Mr. HOAGLAND. Absolutely. I go back a long way. When I first arrived to the Congressional Budget Office in 1976, there was discussion about this. In my written testimony, you will see that even this young House Whip called Trent Lott was recommending it back in 1981-1982. Leon Panetta, chairman, all the way through, including his final job at Department of Defense, was recommending it. It has evolved, and I think it—as I said, it is a direction that is necessary.

As I also said, Mr. Chairman, in my opening comments, I originally did not support it, but I see that we basically have gone to the 2-year system, so let’s go ahead and institutionalize it through a biennial budget.

Co-Chair WOMACK. What do you think is different, in your view, as we think about both the structure of the budget resolution and the ability of the modern Congress—and I stress the word “modern” Congress, “modern Congress,” meaning this isn’t your grandfather’s Congress; I mean, this is a much different time—our ability to handle all of the appropriation bills in one cycle?

Mr. HOAGLAND. Absolutely. Part of my evolution over that period of time when I was staff director of the Senate Budget Committee was that I felt it was the responsibility of the Budget Committee to produce a budget every year. As I watched the evolution of an inability to get appropriation bills done within the timeframe, it was a basis that gave me the thought process to revise my thinking that maybe it is better to do a—with the time that is limited to all of you, the issue of transparency, the ability to have authorizations work their will, I think it is—you just—your time is just limited more, it seems to me, than in the days when I was up here back working here.

I am not here, I am not watching you as closely as when I was here on the Hill, but it does seem to me like your time is much more restrictive than it was when I was working as staff director of the Senate Budget Committee. And that time limitation is what you are really working with.

Also, let me just say there is redundancy. It seems to me like you vote on things an awful lot in a redundant way. Let me give you a best example. I have a number of other recommendations besides the biennial budgeting, but one of them is that, if you pass a budget resolution, even a biennial or even an annual, you have voted on increasing the debt limit. In the budget resolution that you adopted earlier last fall, you have a debt limit figure. You have already voted on it. And it does seem to me like you ought to somehow institutionalize the fact that you have voted once, that is enough.

Co-Chair WOMACK. Mr. Wolfensberger, your testimony references congressional turf, “turf” with a capital “T,” relating to the congressional-executive branch relationship.
As you think about episodes of bipartisanship in budgeting, how have Presidents and Congress been involved in either promoting or inhibiting bipartisanship?

Mr. WOLFENSBERGER. Yeah, that is a very good question. I think Bill remembers better than I, because he was involved in some of these things. But back in the old days, when you had split control of the White House and the Congress, there were a lot of budget summits, where they would convene the President's top advisers and top leaders and committee folks from Congress would convene out at Andrews Air Force Base and try and, at the last minute, come up with some kind of a resolution.

You know, since then, I think that there has been more of a low-key type of negotiation going on, on an ongoing basis, between the executive and the Congress through each appropriations bill, starting with the subcommittee levels. I noticed that Mulvaney, the OMB Director, just sent a letter to Chairman Frelinghuysen flagging some increases in the legislative branch budget that is being looked at for this coming year. And so I think that is kind of interesting to see, you know, how much in advance he is keeping an eye on it. But he is a former chairman of this committee and has a pretty good idea of what goes on in that process.

But, you know, I think that the best that we can hope for is that we have more agreements where they come together earlier. And that is the main thing for me, is coming together earlier. Waiting until you are into the new fiscal year already, and you are still kicking the can down the road. So I think that is the key challenge that this committee will face, is how do you go about that, and I think biennial budgeting would help in that regard.

Co-Chair WOMACK. Thank you.

Mrs. Lowey.

Co-Chair LOWEY. Thank you.

Mr. Hoagland, you note in your statement that Congress failed to adopt what you would consider to be real budget resolutions in 7 of the last 10 years. You compare that to the previous 34 years, when Congress failed to adopt a budget resolution only 4 times.

What do you think accounts for the difference, and why has the budget resolution process apparently fallen apart in the last 10 years or so?

Mr. HOAGLAND. I wish I could answer that question directly.

I work for the Bipartisan Policy Center. It was founded by Senator Dole, Senator Howard Baker, Senator George Mitchell, and Senator Tom Daschle. We worked together to find common ground. I don't mean to be critical. I just want to highlight that the partisanship that exists here, I think, complicates our ability.

The second thing is, I believe deficits matter. I think we should reduce the deficit. But the tradeoffs here are so great and so difficult that I think that has complicated the decision-making process and forced the delays in making the very, very hard decisions you have to make.

Let me also say, Madam Co-Chair, I was careful in what I said. I don't want to offend anybody. But I don't consider the last two budget resolutions to have been real budget resolutions. They were adopted well after they were supposed to be done, and they also were done with one purpose in mind, and that was simply to create
the fast-track reconciliation process for consideration of legislation. That is not what—when I began here, that was not what the budget resolution was meant to do.

Co-Chair LOWEY. I would like to follow up, Mr. Hoagland. I see the benefit of setting budget targets every two years. But as for appropriations, doing annual bills is one of the most powerful oversight tools available to Congress, in my judgment.

The main source of delays, from my experience in recent years, has been political disagreements about top-line totals, not the time needed to actually write appropriation bills once those disagreements were settled.

And I understand that a substantial majority of States and almost all of the larger States now practice annual budgeting. Should we see that as a caution against moving in the opposite direction at the Federal level?

Mr. HOAGLAND. I think it is 19 States that have biennial budgeting. I think it varies in terms of how they operate.

I do not see that the annual appropriation process is working here. I am just simply suggesting, why not look at the two-year process? You will be able to set those caps for two years. And I think there is some efficiency to be gained in, first of all, your ability then to have that second year be the authorization and oversight year. That would take away some of the pressure that is placed upon you.

And, in fairness, Madam Co-Chair, it is authorizations first and then appropriations. And I am not suggesting the appropriation process doesn’t do a lot of oversight, but it is really the authorization process, to me, that has failed under this system. And this would strengthen—from my perspective, it would strengthen the authorization process.

Co-Chair LOWEY. Well, I am not sure we can resolve that in the minute I have left. So I disagree on that. But——

Mr. HOAGLAND. Fine.

Co-Chair LOWEY.——you are saying in your statement that Congress failed to adopt what you would consider to be real budget resolutions in 7 of the last 10 years. You compare that to the previous 34 years, when Congress failed to adopt a budget resolution only 4 times.

What do you think accounts for the difference, and why has the budget resolution process apparently fallen apart in the last 10 years or so?

Mr. HOAGLAND. Because of the increased degree of partisanship up here and the very difficult decisions you have to make as it relates to spending and revenues.

Co-Chair LOWEY. I thank you for that answer. And I won’t have any time to go on, but it seems to me that that is the real problem. And I am not sure that changing the system is going to address the partisanship that, to me, is the core and the base of the system.

Mr. HOAGLAND. Yes, ma’am.

Co-Chair LOWEY. Thank you.

Co-Chair WOMACK. Senator Perdue.

Senator PERDUE. I couldn’t disagree more. We have been trying to do it with kumbaya and all of that for 44 years. It hadn’t worked. We have only funded the government on time 4 times in
44 years since the 1974 budget act. And I have talked to all the people who signed that bill who are still living; we have looked at best practices. This is not something that we are going to tweak around the edges and think that we are going to all of a sudden eliminate partisanship and make this budget process work.

First of all, it is not a budget process; it is a funding process. And I want to echo what Senator Hirono has said every time she has spoken in this committee, and that is: Whatever we do in here, we have to, I believe, have a goal of never having another CR, okay, that leads to an omnibus situation.

The problem in the Senate is different than the problem in the House. The problem in the Senate—and I want to get to two questions, because you four people have brought up now three recommendations in here that I think are very salient.

Number one, I think the biennial budgeting has merit. I think we need to talk about it. I don't think it is a panacea. If we do nothing but that, everything else will fail, period.

Number two, I believe that there have to be consequences. Mr. Hoagland, you talked about consequences, and I would like to come back and ask you about that.

But I want to emphasize what Senator Hirono was forcing us to think about, and that is this is about funding the Federal Government, not just creating a budget resolution. We created a budget resolution. We did one in 2015. It only lived four months, and it was a way to do the grand bargain.

I agree with you, Mr. Hoagland, that we have not done a real budget since I have been in here in three years in the Senate. Senator Enzi, the chairman of the Budget Committee, actually has said publicly he would do away with the Budget Committee unless we make some substantial structural changes.

And he has also said publicly that, in the Senate, we probably have produced the last budget that can be done under the current law, and that is that you cannot provide, unless you do all the gimmicks that are out there and the fraudulent things that if somebody in the private domain did they would go to jail, like delaying expenses and accelerating revenue—without doing all of those things, we will never be able to comply with the balanced budget that we are talking about.

I want to talk about over here, though, Ms. Holubowich and Mr. Owens, you mentioned the makeup of the Budget Committee, and I would like to dwell on that just a second.

For three years, we have looked at the makeup of Budget Committees and the process. The problem in the Senate is we have a resolution—and it is not a law—that says 51 percent can pass it. That is nothing but a political statement crammed down the throat of the minority. Both sides have done it repeatedly for 44 years.

Then you go to an authorization process that is a law. It is 60 votes, has to be signed.

And so here is the problem. The minority party gets ignored in the budget, now they come over and are asked to participate in the authorization, they never do, neither side. Then you go to appropriations, same thing. We have only averaged 2½ appropriation bills being voted on over 44 years, 2½ out of 12.
In the Senate, this thing is broken. Going to biennial alone will not fix that. I believe that consequences have to be considered.

The question I have for you is: The makeup of the Budget Committee—we looked at best practices in other countries and States. States have consequences. Nobody goes home until they get a budget done. Other countries have gone away from a three-step process to combining the budget work and the authorization work into one, and the way they do that is what you are suggesting.

So would you talk about how you would combine the—totally change the makeup of the Budget Committee to include a representation of ranking members and chairmen of the policy or authorizing committees.

Until 2 years ago, we hadn’t authorized the State Department in 15 years. The authorizing thing is a fraud. We have not done that for 20 years, maybe, in the way that we should.

So if we could combine it, is there a way to address that?

I wish we had time to get more into consequences and all that, because I would love to get you to comment on that, Mr. Hoagland. But please be brief, and maybe we will get time to do that.

Mr. OWENS. Thank you for the question.

Our group discussed this in depth multiple times. And, again, where we came out, through a consensus proposal, was to get that buy-in, to have the chair and ranking members of these committees come in representing those priorities, understanding in some cases that may not always be possible in the Senate because you have so many committee assignments, but bring in their designees, and that the bringing those issues, to know an authorization bill is coming forward in that calendar year, to make sure that is reflected in what is developed in that budget.

There were all sorts of discussions. We said at one point maybe we ought to eliminate the Budget Committee. We talked about reorganizing all of Congress and decided that was way beyond our scope because of the issues you just identified, Senator.

Senator PERDUE. Well, we have changed committee jurisdictions repeatedly over the last 100 years. That doesn’t scare me. And one of the problems we have, we have 16 authorizing committees in the Senate and 12 appropriating committees, and it looks like a jigsaw puzzle, really, the way the jurisdictions cross, and it is counterproductive.

So the question is, how would you deal with things like an NDAA, for example—which is about the only thing we try to really authorize every year? How would you deal with that if you didn’t have a formal authorization process but it was done actually at the oversight level, in the Budget Committee, made up of—if you made up the committee of ranking members and chairs of these policy committees?

Mr. OWENS. You know, I don’t believe we went to that level of depth to where you would be——

Senator PERDUE. Okay. So you didn’t get into those details.

I want to go back. Mr. Hoagland, you wanted to make a comment——

Co-Chair WOMACK. The gentleman’s time is up.

Senator PERDUE. Oh, I am sorry.
Mr. HOAGLAND. The original Budget Committee in the Senate was made up of exactly what you are talking about, which was leadership. Senator Tower was defense. We had Senator Byrd on the appropriation. We had the chairman and the ranking member—early on. You had buy-in early on.

And I would also suggest that you could rotate—say, we have the ag bill coming up for reauthorization. You could rotate in the chairman and ranking member of those committees. If get buy-in early, it seems to me, on the budget resolution, that makes a difference.

Senator PERDUE. Yeah. I would like to engage—in some of our working groups; I would like to engage with you guys more on those four topics you brought.

Mr. Chairman, I apologize for going over.

Co-Chair WOMACK. Let me remind our members up here to leave these distinguished witnesses some opportunity to explain their answers. They do deserve the time to give a good, articulate response to our questions.

Mr. Yarmuth.

Representative YARMUTH. Thank you, Mr. Chairman.

I want to go back to biennial budgeting for just a second. And one of the thoughts I had—I was a co-sponsor of Congressman Ribble’s proposal I guess in the last Congress. It may have been two Congresses ago. I have lost track. And one of the things that I was thinking about was that possibly, because the exercise had become, in my experience, pretty much a rhetorical exercise and it was a messaging exercise more so than any serious budgeting operation, that by taking it to a biennial basis you would actually begin to think more seriously about longer-term consequences and longer-term spending.

Is that something that you think is an advantage of it possibly, Mr. Hoagland?

Mr. HOAGLAND. I have always listed timeliness, long-term planning, simplification, and transparency. And I consider long-term planning to be an element of the biennial budgeting, yes.

Representative YARMUTH. And a corollary, I guess, of that of that question is that—some of the opposition to biennial budgeting is that it is harder to project in a fast-moving world and so forth and it is harder to project income and occurrences. How would you respond to that argument?

Mr. HOAGLAND. I would respond that you are at least setting—right now, you have already started the process of setting along the discretionary side 2 years, so that is a given.

Also, I would respond that, as I said in my oral testimony and written testimony, there is nothing to preclude Congress from having a supplemental for emergencies and unexpected in that second year. So I still think it is possible to adjust.

Representative YARMUTH. Okay. Thank you.

The Convergence recommendations didn’t deal with biennial budgeting. You obviously had to have talked about it at one point. What was, I guess, the deliberation there, and why did you decide not to?

Ms. HOLUBOWICH. Sure. Thank you for that.

I think, for us, as we looked—one of our first exercises was to map out the budget process and, with sticky notes, identify what
we saw as the pain points, and we realized that they were really front-loaded, that when you have a top line established and there is buy-in and agreement, the appropriations process tends to really flow.

So I think, on our part, and part of our discussions, we weren’t convinced that the appropriations process was the problem. It was the bottleneck created at the front as you saw, sort of, political documents coming out that just, frankly, weren’t really based on reality and then the breakdown of trying to operationalize that by the appropriators and trying to make, for example, really deep cuts in nondefense discretionary spending a reality. And that is where you see bills like Transportation-HUD fall apart on the floor.

From my own perspective, I think, from a public health standpoint, as we look at public health preparedness, biennial appropriations, for me, is a problem. You know, we have microbes evolving every day. Just this week, we have 17 new cases of Ebola in the Congo. We have a new Australian virus that is 1,500 years old that is making a resurgence.

So setting numbers at the top line for 2 years, I think, makes sense. What we need, though, is that appropriations process to make those course corrections on an annual basis, at least from a public health perspective, to respond to these new threats.

And, certainly, emergency supplementals are an option, but, to be honest, you know, in my view, an emergency supplemental should support acute, sort of time-limited, discrete events—an infectious disease, a natural disaster.

There are lots of things that are happening that are more systemic and chronic, like, for example, we now have babies born from Zika moms who, as they now become toddlers of moms who were infected with Zika and become school age, they are going to have developmental disabilities, so now do we need to reinvest in those areas. Or with the opioid crisis, we now are seeing resurgence in cocaine-related and meth-related deaths. And so those don’t necessarily warrant an emergency supplemental.

I think the emergency supplementals, as we know with Zika, are not exactly predictable and stable and they sometimes take way too long. And that whack-a-mole approach to, sort of, supporting public health readiness is not ideal. We would prefer to see those mid-course corrections sort of through an annual review of really what is needed and where we need to reprioritize.

Representative YARMUTH. But you could, even under your argument, you could set top-line numbers for 2 years and then appropriate on an annual basis.

Ms. HOLUBOWICH. Absolutely. And that is where we came out in the Budget Action Plan——

Representative YARMUTH. Right.

Ms. HOLUBOWICH.—which is, again, reflective of sort of our current reality. Our view would just be, let’s try the best we can to move that to the front end of the process at the beginning of a new Congress, so we set that plan in that stage at the outset and allow the appropriations process to flow annually from——

Representative YARMUTH. Thank you.

A quick question for Mr. Owens. On a debt ceiling, is there any difference between your proposal, which is to increase the debt ceil-
ing by whatever the budget prescribes, or just eliminating the debt ceiling?

Mr. OWENS. The way our group discussed it, we sort of left that to the Congress to decide. But it is important that, when you are making the spending decisions, and if it is going to mean there is going to be a shortfall, that that should be acknowledged in the same piece of legislation.

Representative YARMUTH. Thank you.

I yield back.

Co-Chair WOMACK. Senator Ernst.

Senator ERNST. Thank you, Mr. Co-Chairman.

And thank you, for the witnesses that are here today.

Mr. Hoagland, in your testimony, you mentioned the importance of incentives for Congress to get their work done on time. And, as you know, since 1974, Congress has passed all of its appropriations bills just four times, and that is pretty paltry. And in the past 20 years, Congress has passed a budget resolution only 11 times.

And, unfortunately, this hasn't stopped Congress from taking a month-long recess right before the start of each fiscal year. And if Congress hasn't passed a budget and regular appropriation bills by August, they shouldn't be able to go on vacation. That is what I think.

And can you discuss the impact that this type of reform would have on ensuring that we get our work done on time?

Mr. HOAGLAND. Yes, Senator. Thank you.

The bottom line here is that we have looked at exactly what you are talking about, a way that penalizes you for not getting your work done. Senator Domenici and Dr. Rivlin looked at the issue of pay. There may be a way to dock your pay for not getting your work done, as it happens in the private sector.

But there are provisions within the existing law that says the House cannot go on recess until you have completed your appropriation bills through the month of July. You cannot take recess. So I see no reason why you can't change the Budget Act to make it apply across the board: no recess unless you have passed either a biennial budget or a budget resolution on time.

Now, you waive this, obviously. I don't know how to prevent Congress from waiving the points of order that lie against you for going on recess. But it is easy—it seems to me you have it already in the law that you are not supposed to go on recess.

Senator ERNST. Yeah. And I do think that is a great point. And it circles back something I brought up, I believe, in our last meeting as well, but that we have processes in place and we don't follow them. We can put new processes in place——

Mr. HOAGLAND.—and not follow them.

Senator ERNST.—and not follow them.

So we have got to get this figured out and find a way for us to get our work done. Because we have a lot of folks that just truly don't have the intestinal fortitude to get it done, and we are failing the American people.

Second question. Mr. Hoagland and Mr. Wolfensberger, as congressional staffers, you both witnessed something as rare as a unicorn here in Washington, D.C., which was a budget surplus. And
over the past 50 years, the United States has only had a balanced budget four times, 1969, and then from 1998 to 2001, I believe.

So, as our deficit approaches $1 trillion, what can we learn from those past Congresses?

Mr. HOAGLAND. Very briefly, and then I would turn it to Don.

The bottom line there again was that—I was involved in the 1997 balanced budget agreement that we reached. That was reached in a bipartisan manner, including President Clinton and a Republican-controlled Congress. It meant giving up on revenues, that Republicans had to agree to some revenues. And it also meant that Democrats had to agree to reductions in some entitlement spending.

It has to achieve the bipartisan—we also—let’s be honest about it. We had a lucky economy that was also helping us reach that balance during that period of time. But it was bipartisan.

Senator ERNST. Uh-huh. Thank you.

Mr. WOLFENSBERGER. Yeah, I retired in February of 1997, so I missed being on that glory road that Bill was talking about.

But, interestingly, I think the balanced budget agreement that you had was in 5 years, and actually it was achieved in 2 years because of a little thing going on in Silicon Valley. I don’t know what it was about, but——

Mr. HOAGLAND. Yes.

Senator ERNST. Very good. Well, I appreciate it very much. I appreciate the input. And just bottom line, we need to figure out what is going to get us to actually do our jobs. So I appreciate it. Thank you to the witnesses today.

Thank you, Mr. Chair.

Co-Chair WOMACK. Thank you, Senator Ernst.

Before we go to Senator Bennet, there has been some discussion recently about a previously scheduled Joint Select Committee hearing on May 18. I just wanted to say for the record today, because we have members that are coming and going and staffs that are coming and going, the co-chair and I talked about this last week, and we both have agreed that, due to the funeral of Senator Daniel Akaka and the fact that our Hawaiian members are not going to be here that day, and there are others that have indicated they may not be here that day, that that May 18th hearing is going to be rescheduled.

So, for planning purposes, let’s go ahead and make sure everybody is on the same page there. Date to be determined, but the Member day will, of course, be rescheduled.

Senator Bennet.

Senator BENNET. Thank you, Mr. Chairman, and thank you for this hearing.

Mr. Hoagland, I wanted to start where Senator Ernst ended with you, which was in the 1997 agreement. And you mentioned you got lucky because you had a strong economy. We have a strong economy right now, and we are going to have a trillion-dollar deficit next year.

And I wonder whether you could share with the committee what the common elements were that made it possible to reach the kind of agreement that you participated in in 1997 and what is missing today.
I mean, you mentioned that Democrats gave on revenue, Republicans gave on entitlements. I don’t actually think about it that way, really. I think about the responsibility that people seemed to have—or the consideration that people seemed to give to the next generation of Americans, which we seem not to give to the next generation of Americans.

Mr. Hoagland. Yes, thank you, Senator.

I will simply say that a critical element of that 1997 agreement—you have to remember, we came off a very tough time. In 1994 and 1995, we had government shutdowns, we had clashes here, we had a long period of discontinuity in all that we were doing. But it turned out that we finally had leadership, and leadership out of the White House, particularly. And I am sure I am getting myself in trouble here by saying this as a Republican. But you need leadership to say that debt does matter, that deficits do matter, and that we should be focusing on those issues.

There was consensus up here that deficits mattered. I am not convinced today that, with all due respect to all of you members here, that you consider deficits to be really a situation that is going to impact our future generation.

Senator Bennet. I heard testimony earlier today about the importance of having the annual budget so that we could respond to health situations. And it made me think about an opioid crisis which we have barely responded to. We claim that we have responded to it, but we have barely responded to it, and I think because the deficit has robbed us of our imagination to do that. I mean, for the first time since John Glenn went to space, America can’t send anybody into space. And I think that is a consequence, also, of our deficit.

Mr. Hoagland, I also wondered—I know this is an issue that you care a lot about and have for a long time as a Republican—whether you could talk about your view of the debt limit, the debt ceiling, and its use as a device for claiming fiscal responsibility. Whether the threat to the sovereign debt of the United States is something that we should appropriately do, or is there some other way that we should—what good could this committee do on that question, Mr. Hoagland?

Mr. Hoagland. First of all, I think Congress should find an alternative to the periodic threat of a government shutdown or the brinkmanship over the debt limit to force action. Because my impression is that it really hasn’t. Maybe back in 1985, 1986, when we went through Gramm-Rudman-Hollings. That was a debt limit issue. We got Gramm-Rudman-Hollings because it was tacked on to a debt limit increase. Senator Gramm was worried about the debt going up to $2 trillion, and so that—and now we are at $22 trillion or so.

So, first of all, in fairness, the Bipartisan Policy Center has a group of six bipartisan individuals, former Members and former executive officials, and we have been working on a proposal. It is no surprise here, it builds upon the old Gephardt rule that, once you pass a budget resolution, it is automatic. In fact, that was something the House used to do. The Senate did not have that Gephardt rule. Or in combination with the McConnell rule, which is that if you do not pass a budget resolution, then the President should sub-
mit a suspension request, and then Congress should vote on a possibility of a resolution to approve or disapprove of that suspension.

I think it is critical that you try to get this thing out of being the brinkmanship. It has not solved the issues of debt and deficits going forward, and I think it jeopardizes the country's economic future when you have to go through this.

Senator BENNET. Well, I appreciate that answer. And I am sure there are other members who feel this way too, that when you develop that proposal we would be very interested to see it.

Mr. HOAGLAND. I would be happy to.

Senator BENNET. Thank you, Mr. Hoagland.

Thank you, Mr. Chair.

Co-Chair WOMACK. Mr. Arrington.

Representative ARRINGTON. Thank you, Mr. Chairman.

And I want to thank the panelists for your input, insight, and counsel as we deliberate on how we can put some sanity and responsibility into this process.

I am a new Member, so don't blame me. No, I am kidding. But my conclusion that I have come to very quickly and I think is painfully obvious to everyone else on the outside: The political will collectively does not exist on the budget outcome piece of this.

Now, I do think we can find ways to have a more timely process and add certainty—which I think there are good, fiscally responsible aspects to having certainty and stability and continuity.

But I am just very concerned about how in the world—and to my colleague Senator Ernst's comments about incentives. We are looking so desperately for ways to force us to do things that this body politic will not do, that the dynamics just don't exist. And they don't exist with Republicans any more than Democrats, I learned this year.

We sent a budget to the Senate, and it was a reconciliation, got it mandatory spending, which is driving the debt—we all know that too—and we couldn't get it out of the Senate.

Representative ARRINGTON. So give me a suite of—or us—a list of incentives or accountability measures that we should consider that maybe have not been considered so that we can just take those and begin to noodle on them and debate them among ourselves. And that is for timeliness, efficiency, process-oriented and for the, sort of, responsible outcome orientation. What are those?

And if you don't mind, we will start with Mr. Hoagland and just kind of work our way down. Just rattle them off.

Mr. HOAGLAND. Real quickly, I have already stated, I think no budget resolution, no pay, no recess. I think those are the strongest ones. That is on the stick side.

On the carrot side, I still believe that if you could pass a budget resolution, a conference agreement, that we should eliminate the filibuster on the motion to proceed on appropriation bills in the Senate.

Representative ARRINGTON. Mr. Wolfensberger.

Mr. WOLFENSBERGER. Thank you.

I am not quite as drastic as no budget, no pay, but I had a compromise that, for every day after October 1 where you have not completed action on your appropriations bills, you put in escrow
$100 a day of Members' pay. You get about $400 a day, believe it or not. But that might drive some things.

With respect to the comments Mrs. Lowey made about losing control of the process, I have been very sympathetic to the appropriators, even though I support biennial budgeting, but I have been thinking through a process whereby you might do four of the big bills annually and the rest biennially.

And I am looking at the four that you would do annually—because all but one requires an annual authorization—defense, MILCON, vets, foreign ops, and homeland security. Homeland security does not yet require an annual authorization. But those four I think might be worth doing on an annual basis as sort of a compromise.

But I know that, in the past, the appropriators have been very successful in defeating biennial budget proposals when they get to the floor. Mr. Dreier had 245 cosponsors for his measure to have biennial budgeting, and when he got to the floor on an amendment that he offered to do that, he only got 201 votes. Some people went south. So it is a very difficult nut to crack, and——

Representative ARRINGTON. Let me keep it moving——

Mr. WOLFENSBERGER. Yeah.

Representative ARRINGTON.——if you would.

And the question is, what carrots and sticks should we consider to motivate the House and Senate to do the job that everyone in the country does but us?

Ms. HOLUBOWICH. Well, thank you. We spent a lot of time discussing this. You will notice we did not make recommendations around incentives. In part, we didn't feel like that was our role, and, also, I think we couldn't come to agreement. You know, it wasn't clear that, to Senator Ernst's point, you could do much of anything to force yourselves to make these choices.

Ultimately, again, to our theme that elections drive outcomes, I think where we get at this is through the proposal for “Fiscal State of the Nation,” in the same way that my organization presents my financials to my members, as corporations share with their shareholders. There is a real disconnect, and it is not their fault, but Americans just simply don't understand what the government is doing or what it is paying for. And they say they want a smaller government, but when you propose cuts, they don't want you to cut anything, and definitely don't raise my taxes.

So, I mean, you are in a box where it is hard to make these choices because, I think, the American people just simply don't know what you are doing. So the hope is that the “Fiscal State of the Nation” can help elevate the conversation about our Federal Government's budget and sort of bridge that disconnect.

Mr. OWENS. I would just add briefly, as Emily said, we didn't reach any consensus on this, but we did talk about no budget, no pay. We talked about no budget, no recess. We even talked about no budget, no fundraising. We talked about a lot of different things, that, again, what drives outcomes are elections ultimately.

So we couldn't reach consensus, but if there is something this body can adopt that you think will propel you towards action, then you should most certainly consider it.
Representative ARRINGTON. Mr. Chairman, I have gone over my
time. I yield back.

Co-Chair WOMACK. Mr. Woodall.

Representative WOODALL. Thank you, Mr. Chairman.

And thank you all for being here. I value your expertise.

I want to pick up where my friend from Texas left off. Lots of
"no budgets, no something" in the tool of incentives, and yet my
Budget Committee chairman in the Senate says we might as well
just abolish the Budget Committee because it is not a functional
process anyway. My friend Mr. Hoagland says, you know, we have
gotten two budgets passed the last two cycles, but I don't consider
those real budgets anyway, though they would have met the stand-
ard for any "no budget, no anything."

I want to explore the notion that maybe it is not that folks aren't
doing their jobs, but maybe folks are doing their job. And some
folks are sent here to slow a process down as opposed to speed a
process up. I think it was Coolidge who said his most important job
was vetoes bad legislation, not signing good legislation. A lot of
Members of Congress feel the same way.

Mr. Hoagland, you talked about the debt ceiling. And everybody
has had a similar conversation, of course. I have been here since
the big freshman class of 2010. Every single measure that has
moved spending and deficits in the right direction—and, for me,
the right direction is down—came in the context of a debt ceiling
debate—no other measure, only debt ceiling debates.

And so I want you to reconcile for me your real desire to see real
progress made and my real experience that the only way that
progress has been made has been through debt ceiling discussions
and your position that we should eliminate those debt ceiling dis-
cussions, moving them into the budget discussions.

Mr. HOAGLAND. Congressman, I understand where you are com-
ing from on this.

I do not think that Gramm-Rudman-Hollings, which was de-
signed to bring the deficit down—when we look back on the history
of that, it turned out that that was not successful in that regard.

The last exercise you went through in increasing the statutory
debt limit had no effect whatsoever on spending, from my perspec-
tive. Your adjustment to the caps came later.

So I just respectfully disagree. I have not seen where the debt
limit has done nothing more than create a crisis, as it relates to
the financial markets out there, that we are possibly going to de-
fault. And I don't think we ever—I don't think this country ever
will default.

Representative WOODALL. The most constructive deficit reduction
measure in my 7 years was the Budget Control Act, pushed by
John Boehner and President Obama that set budget caps——

Mr. HOAGLAND. In 2011.

Representative WOODALL. —reduced spending, came only in the
context of a debt ceiling deal.

Mr. HOAGLAND. But then you adjusted the caps every year there-
after.

Representative WOODALL. Well, not——

Mr. HOAGLAND. Not the first year.
Representative Woodall. But that is exactly right. And traded off with spending reductions up to or beyond the change in those caps, with the exception of this last cycle.

Let me think about the work that you all are doing with reconciliation at Convergence. Part of the Budget Control Act—again, I think it was the best vote I have taken since I have been here—was creating the joint select committee to bring deficit reduction measures to the floor or tax increase measures to the floor, whatever you wanted to bring to the floor. Thoughtful members, 16 thoughtful members, looking at literally hundreds of trillions of dollars in Federal outlays going out over decades, and found not one penny on which they could agree.

I don’t actually think our challenge is too many chances at reconciliation. I think our problem is not enough chances at reconciliation.

Tell me how, knowing that we have shared concerns about the fiscal direction of the country, how limiting our ability to move a 50-plus-1 deficit reduction measure, limiting those opportunities to once a year, as opposed to currently under Senate rules three times a year, moves us in the right direction.

Mr. Owens. I think it was the view of our group that reconciliation, in some ways, has become used basically just to get around and move other types of legislation.

And so, as we thought about it and deliberated, we thought the reality is, if you had one per year and it was authorized in that Budget Action Plan, as we call it, it really would focus the discussion up front so everybody knew what they would be debating and what they would be discussing, and you would have two opportunities within a Congress to accomplish what you want to accomplish.

I would just put on your thought list reconstituting that Joint Select Committee on Deficit Reduction, a bipartisan, bicameral committee much like this one. Anytime we have an idea that may move us in the right direction, I would like to see that come to the floor for that 50-percent-plus-1 to see if we can make a difference.

I thank you, Mr. Chairman.

Co-Chair WOMACK. Senator Lankford.

Senator Lankford. Thank you, Mr. Chairman.

Thank you all for being here as well.

Let me click through a couple of things.

There has been some good conversation about finishing elements, as far as how to get Congress to be able to act and move on things. What about things like automatic CRs to try to have something in place so we don’t have a government shutdown while Congress is negotiating and finishing things out? Let’s just pretend for a moment Congress doesn’t get their work done on time. How do we actually get that to move and hold the American people harmless in the process?

Mr. Wolfensberger. Let me just dive in first.
I think that would be an incentive for inaction. Once you have things on automatic pilot, there is no reason for Members to go forward then on finishing the appropriations.

Senator LANKFORD. Is there a way to be able to design that so that the pressure is put on Congress to be able to finish the task so the American people are held harmless?

Mr. WOLFENSBERGER. I commend your imagination to that project, but, you know, I haven’t thought of one.

Senator LANKFORD. Yeah. Okay.

Mr. HOAGLAND. Of course, there have been proposals in the past to have an automatic CR, and the Domenici-Rivlin proposal had an automatic CR. But we also talked about it in terms of the context that that CR would start to—the amount of funding would start to come down every month by a certain percentage if you continued to enter that CR. That would create some pressure, it seems to me, to address the issue that there wouldn’t be action on doing appropriation bills.

Senator LANKFORD. If we combine that with things like the—let’s say, in the Senate, you have mandatory quorum calls three times a day, so you can’t leave; you are there over a weekend. So, while we are in that period, you are here——

Mr. HOAGLAND. Yes.

Senator LANKFORD.——and you have to be able to work through it, so they are intended to be short-term.

Mr. HOAGLAND. Yes.

Senator LANKFORD. Okay.

Ms. HOLUBOWICH. Our group spent a lot of time talking about automatic CRs or, you know, a CR-plus-inflation, or we even talked about the idea of a super-sequester, again, as one of those penalties, those sticks.

You know, I think, ultimately, we couldn’t come to agreement that this would be an effective tool. And I think the fear, certainly on my part, again, as I spoke about public health, is that the default becomes we just don’t do it, and we end up in sort of perpetual CR mode.

You know, I think we had hoped that, you know, through the Budget Action Plan, again, getting that difficult decision making up front would, you know, minimize the need for CRs further down the road.

Senator LANKFORD. Which I would certainly hope for, by the way. By the way, we are in a mode of perpetual CRs right now. And so, to say that——

Ms. HOLUBOWICH. And it is not helpful.

Senator LANKFORD.——if we put some mechanism in place to keep us from having a government shutdown, that is the target for me, is how do we not have government shutdowns, because that is detrimental to the entire Nation.

And when you try to weigh a government shutdown versus an automatic short-term CR, I am going to go with an automatic short-term CR every time rather than have a shutdown. But the goal is those are very short and those are very temporary and we stay here until things actually get done.
Tell me a little bit about the President's budget. Has that been a useful document or non-useful document for us? It is millions of dollars to create it every year.

Ms. HOLUBOWICH. Well, we talked about that. One of our exercises was to actually take a step back and pretend we don't have a budget process, we have a Constitution; how would you design it? Matt and I were in the same group, and I was very much, at the time, in a camp that the President's budget is not helpful at all.

It is, though. I think if you think about it as a reporting tool, you know, those congressional justifications really get into the weeds. And that is your oversight tool, and that is the reporting back to you on how they are spending the money. Those are critically important. So, again, I think we thought——

Senator LANKFORD. So the information is important but not necessarily the proactive look.

Ms. HOLUBOWICH. Correct. And I think, again, as part of that Budget Action Plan, bringing the President in on those conversations around the top lines and reconciliation and get agreement up front really helps. That President's budget can then be a symbolic policy document, in the same way our Budget Action Plan would not preclude Congress from doing budget resolutions if they similarly felt they needed to put out a policy statement.

Senator LANKFORD. By the way, I would have no issue with that, bringing the President on board. And so if we do a budget document with leadership, with key members of Senate and House committees, with the leadership of the House and the Senate, creating a document that goes into law, that sets those top-line numbers, gets that established early, gets the President involved early. The President can still make recommendations through the appropriations process to get it, but the President's budget seems to be a distracting document more than it does anything else. It has never, ever become law. But it is a set of ideas. I am glad to be able to have the President and agencies submit ideas, if nothing else.

Let me ask you one last question about authorizing and appropriating. What about an idea like—we always get in to this fight of we never authorize in appropriation bills, which is a myth that goes back to 1974, because there has been authorizing in every single one of them on some level.

What about combining the work and saying, if something is going to be authorized in an appropriation bill, the authorizing committee has to pass it first? So there is a mechanism to say the authorizing committee, as a committee—it may not go to the whole floor, but it goes to the committee. They pass it as a committee. Then it could be inserted, and the whole body would vote on it then in an appropriation bill to be able to add it.

What about a blending of the two to be able to get those committees working together?

Mr. WOLFENSBERGER. I think that is more realistic than the present rule, which says you have to have the authorization signed into law before you can appropriate for them. So I think putting the action in the particular house, authorize, at least pass your authorization before you take up the appropriation, that makes good sense to me.

Senator LANKFORD. Okay.
Thank you, Mr. Chairman.

Co-Chair WOMACK. Mr. Kilmer.

Representative KILMER. Thank you, Chairman. And my apologies. I was actually in an Appropriations subcommittee, hearing from some constituents.

I want to start by asking the Convergence duo, your proposal had us looking at some of the long-term drivers of debt and deficits once every 4 years. We had a bit of a discussion in a committee markup yesterday about the notion of having a fiscal state of the nation address, having the Comptroller General come in. That is a proposal that Mr. Renacci and I have introduced, which would really try to have a joint session that is focused specifically on these long-term fiscal issues.

I would love to get your sense of that, if you think that having that type of mechanism in place would create more transparency and maybe put a little political pressure on both houses to try to get something cooking.

Mr. OWENS. I would just say I think that proposal is very consonant with what our group came up with, this notion of having a deliberate way to look back and look ahead, where we are going with our spending and revenues.

Ms. HOLUBOWICH. And, importantly, in a way that is accessible to the American public. There is a wealth of information out there that is available through CBO, GAO, Joint Committee on Taxation. It is not accessible to the average American.

So our idea was that, through this fiscal state of the nation, CBO is combining and culling all that information and synthesizing it, probably working with a communications firm to help, but to translate that for the American public and to really actively disseminate that. Our goal is not to produce another report that just sits on the shelf and nobody looks at; that it really becomes a part of the electoral process, it is elevated in the debates, it is a part of the conversation, you are referring to it on the stump.

And so whoever is delivering that message—I used to work at GAO, so I would be happy to see the Comptroller General do that. But it is certainly consistent with our recommendation.

Representative KILMER. Thank you.

You touched on CBO, and I know that part of the report also looks at the independence and maintaining the independence of the CBO. I think that is really important. You want to make sure there is an umpire who is calling legit balls and strikes.

Can you talk about some specific measures you think our committee should look at that would maintain that independence of the CBO?

Ms. HOLUBOWICH. We focused principally on resources for the CBO and the other congressional support agencies, in part because we have expanded their scope of work, so that is very reflective of our proposals.

I can also tell you from my experience at GAO—and this was a long time ago, but I worked on the healthcare team. At any one time, we had 200 requests in the queue. It was at least a year until we got to start on a project. That was more than 10 years ago and before the Affordable Care Act, so you can imagine now what the
backlog looks like, you know. So I think it is extremely important to make sure you are investing in those institutions.

We did not get into the issues around, you know, protecting their credibility. That was not something, I think, we really discussed, but certainly something we think is important.

Representative KILMER. Do any of you have suggestions in that regard?

Mr. HOAGLAND. I have one suggestion, Congressman. That is that we had a major commission that you established; it was the Ryan-Murray Commission on Evidence-Based Policymaking. It seems to me that there ought to be a way to formalize the Evidence-Based Policy Commission within the Congressional Budget Office, establishing an organization that really looks at evidence-based in terms of making policy.

Representative KILMER. Thank you for that.

I know there has been some conversation already about how do you ensure Congress doesn't just ignore whatever process we come up with.

You know, I think some of the conversation has been around, sort of, negative disincentives. Unfortunately, by and large, when Congress has done that, the negative hit has been to the American public. I think sequestration is a good example of that.

We have been trying to noodle on whether there is some sort of positive incentives that could push Congress to act, whether that be expediting processes here or something else. I would like to get your impressions, maybe collectively, if you have suggestions on what that might look like.

Mr. OWENS. Our group did discuss some of those carrots, so to speak. And expediting processes was one of the attractive features.

We didn't reach consensus, time and time again, on this one. Because, at the end of the day, what someone saw as a positive someone could easily construe a way that that could be used against them as a negative for their interests. And so that is why we just couldn't reach agreement on this one.

Other ideas that we surfaced on more of the carrot or positive side dealt with setting aside, sort of, a pot of money, that if Congress met its deadlines, then they would have a way to expedite expenditures for certain things that they considered a priority.

Again, that led to other people saying, eh, that is a disincentive for me, because I would like to see spending go on the down side, not the up side. So, hence, we couldn't reach an agreement.

Representative KILMER. Thanks.

Thank you, Chairman.

Co-Chair WOMACK. Thank you.

That completes our round. I understand that Senator Whitehouse is on his way back, and so I do want to give him an opportunity to ask questions. So, for the good of the order, is there anybody else here that has a follow-up question that they would like to ask of the panel while we wait on Senator Whitehouse?

Mr. Woodall.

Representative WOODALL. Thank you, Mr. Chairman.

Several folks have made reference to that we are kind of existing in a biannual budgeting world today. But the truth is we are exist-
ing in a biennial 302(a) allocation world today, but we are doing none of the other work.

Candidly—Mrs. Lowey and I talk about it all the time—the Appropriations Committee is working just fine. They do good work every single year. They are successful every single year once they get a 302(a) number. I don’t actually consider that to be the problem.

The problem is looking out, whether it is making a national conversation out of a fiscal order of the United States—you tell me which Presidential candidate in the last debate was pressed on his or her plan for deficit reduction. Right? It just wasn’t a topic for the American people.

So help me to distinguish between where we are, which is a 302(a) world, and where we would all like to be, which is a forward-looking glide path towards deficits going down, fiscal sustainability of entitlement programs, et cetera.

Because I don't want to define what we are doing as success. It seems to me to just be enabling the one group that is getting its work done but doing nothing to empower all of the other groups of government that need to begin to get their work done.

Can anybody help me with that?

Mr. Hoagland?

Mr. HOAGLAND. The establishment of the 302(a)s before we get to the 302(b)s is predicated upon there being a budget resolution. So that is why I keep coming back to at least having a budget resolution that establishes that or doing it, as you had been doing it, external to the budget resolution, passing a law that essentially sets those caps.

So I think that you are getting your work done because there is a 302(a). You are getting your work done because there has been an agreement to set that, either through the budget resolution or through statutory legislation.

So I agree. I am looking at—I guess you have six markups here in the House this morning, most of those in Appropriations. The difficulty is, of course, you have to deal with my old stomping ground across over here called the United States Senate, and they have 302(a)s too. But if you can't get those bills to the floor in the Senate, you will never get to conference.

And so that is why I keep coming back to, if you could pass a budget resolution and then you eliminate and get an agreement on that, what those 302(a)s are, then you eliminate the need for the filibuster on the motion to proceed.

Representative WOODALL. Though, as you point out, when we have been successful at that, it has not been with real budgets, it has been with faux budgets that have gotten that done, at least over the last couple years.

Don, you were working on trying to reorganize committees and making them work better.

Mr. WOLFENSBERGER. Well, you know, what the House has that the Senate doesn’t is the Rules Committee, which you sit on as well as the Budget Committee. But what they have done there when a budget resolution has not gone through the House and Senate, the same one, is the Rules Committee puts out a special rule saying
that the amounts recommended by the Budget Committee shall serve for the 302(a) purposes.

But then, if the Budget Committee doesn’t report, well, then you go back to something else. I guess we had it once where the leadership decided what they would be. So it is very tricky. But, you know, when you get to the Senate, you don’t have those same mechanisms that the House does.

Mr. Hoagland. That is right.

Co-Chair Womack. Senator Perdue.

Senator Perdue. Well, thank you.

Just a quick question for anyone who would like to respond on this.

In 1965, our mandatory spending was about 34 percent of what we spend as a Federal Government. Last year, it was almost 78 percent. And yet all of this hoopla that we have around the budget and appropriations is around discretionary spending, which is $1.2 trillion, $1.3 trillion. We are going to spend $4.3 trillion this year.

I understand we have two trust funds, and they get income, Medicare and Social Security. But, today, out of the $2.2 trillion of tax revenue we get in, we spend almost a trillion dollars of that in mandatory—subsidizing Social Security, subsidizing mandatory, and paying for Medicaid.

The question is, how can we really ever get control, long term, of our debt situation unless we deal with the total spending? This is the only entity I have found in the world where the budget process and the funding process only deals with 25 percent of what we spend.

Does anybody want to take that on?

Mr. Wolfensberger. Well, let me—

Senator Perdue. The question is—

Mr. Wolfensberger. Yeah.

Senator Perdue. ——should we be looking at all of the expenses, the subsidy expenses, not the parts of Social Security and Medicare that are paid by the trust fund, but the other parts that we are subsidizing into those?

Ms. Holubowich. So, if I may, this was one of the issues that we discussed. I think, for Matt and I, we live on the discretionary side, and, in some ways, we thought this is unfair. We have to be reviewed every single year, and there is no commensurate review on the other side of the ledger.

So the idea here was, have these 4-year reviews by GAO, have them be incorporated in the fiscal state of the nation to elevate
that conversation. And that deliverable provides an opportunity for Congress to have that conversation around those issues.

Did I capture that?

Mr. OWENS. Yeah.

And if I can just add, respectfully, Senator, I don’t think most Americans understand exactly what you put forth. That is not top of mind, understanding the Federal budget. And so that is what is behind our recommendation, especially the fiscal state of the nation.

And the reviews that Emily spoke to is, if more Americans are better informed and it is discussed during a Presidential election cycle and Members of Congress are forced to talk about and take questions for that, that political will that is the undercurrent of this entire discussion will become stronger, because more Americans want to see action on this. But, frankly, they don’t have the information they need to help encourage you to take certain actions.

Co-Chair WOMACK. Senator Whitehouse.

Senator WHITEHOUSE. Thank you, Chairman.

And thank you all for being here.

As a member of the Senate Budget Committee, my recommendations are focused mostly on the budget side and on the Senate side, not on the appropriations side or the House side.

And I would like to ask to put into the record of the proceeding a letter that I have written to the chairs, making some of those recommendations in writing for the Senate Budget Committee.

Co-Chair WOMACK. Without objection.

[The information follows:]
Dear Representatives Womack and Lowey,

As co-chairs of the Joint Select Committee on Budget and Appropriations Process Reform, you well understand that the congressional budget process is long overdue for reform. I look forward to working with you to improve it. As a Senate member of the Joint Select Committee, I write today to propose that the Committee consider certain changes to Senate rules and practices that are driving budget dysfunction.

While both chambers bear some responsibility for the breakdown of regular order, the Senate has had particular difficulty. The House has passed budget resolutions in 9 of the past 10 years, while the Senate has done so in only 6. As to regular order appropriations, the House has averaged 6.7 of the 12 bills each year since FY 2008, while the Senate has averaged 0.4 bills. Prior to passage of the FY 2018 omnibus bill last month, the House passed all 12 bills in regular order, while the Senate did none.

As a Senate member of the Joint Select Committee, I recommend these reforms of Senate rules and practices. I believe the changes will encourage bipartisanship in the budget process, through a new process in the Senate. (Separately, I may recommend reforms to the present budget process.)

First, the Senate should provide an alternative Senate Budget Committee process that requires full bipartisanship, meaning that majorities of both parties must vote in favor of the budget proposal for the proposal to proceed. This alternative process would supplement, not displace, the present Senate Budget Committee process.

Second, I recommend that a “bipartisan budget” pursuant to this alternative process establish (1) a sustainable debt-to-GDP target, (2) a multi-year glideslope for achieving it, and (3) a means of regularly measuring and reporting whether or not that glideslope is being achieved.

Third, I recommend that in achieving that sustainable debt-to-GDP target, the “bipartisan budget” be empowered to include all of the four main items driving our deficits and debt: (1) tax expenditures; (2) appropriated spending; (3) health care spending; and (4) revenues.
Fourth, the Leaders would agree on expedited Floor consideration of a “bipartisan budget,” including agreements on Floor time for amendments that may be offered, avoiding “vote-a-rama.”

Fifth, once passed, review and amendment of a “bipartisan budget” would occur on a biennial cycle instead of annually.

Sixth, I recommend that a “bipartisan budget” would take the form of a joint resolution. This would synchronize the budget with the budget caps and avoid the type of standoff we saw last year, which lead to a six-month delay in passing full-year appropriations.

I look forward to the Committee’s consideration of this proposal and for your ideas on a parallel House role in crafting “bipartisan budgets.” Once again, I look forward to continuing our work to improve our broken budget system.

Sincerely,

[Signature]

Rhode Island Whitehouse
United States Senator
Senator WHITEHOUSE. Thank you.
I also want to acknowledge the good work and advice of my colleague Senator Perdue in some of the conversations we have had leading up to that.
It seems to me that there are some very baseline facts that need to inform any conversation about our long-term debt. And I would like to ask all the witnesses just to kind of go through this like a checklist, because I don't think there is much debate about them.
It is commonly accepted, is it not, that the metric by which a sustainable amount of debt would be measured is the debt-to-GDP ratio? Whatever the disagreement might be about what that ratio should be, the metric of debt to GDP is the commonly accepted metric, correct?
Mr. HOAGLAND. Debt held by the public.
Senator WHITEHOUSE. Correct.
Mr. HOAGLAND. Not the total debt.
Senator WHITEHOUSE. Any further dispute with that?
Okay. We got all yeses with that adjustment?
The second observation I have is that we are highly unlikely to achieve that debt-to-GDP ratio, whatever we should determine it to be, instantly, which, to me, suggests that there needs to be a glide slope of some period of years that will put us on the path to that.
Is there any disagreement that that is simply a necessary part of the analysis of getting to a sustainable debt-to-GDP ratio?
Mr. HOAGLAND. I agree.
Senator WHITEHOUSE. All agreed.
Mr. HOAGLAND. I agree completely.
But to Senator Perdue's comment, two-thirds of that budget is on automatic pilot, so to speak, that being the Social Security, Medicare, the entitlement programs. The only——
Senator WHITEHOUSE. Well, that is a good lead-in to my next point, which is that, if you are going to calculate deficit in any particular period, you won't mathematically get it right if you don't look at appropriated spending, plus healthcare spending, plus tax spending—and when I say tax spending, I mean the more than we actually collect that goes out the backdoor of the Tax Code in various tax provisions—and then revenues.
From a point of view of the mathematics, are those not the four key elements without which you can't actually get to a correct answer?
Mr. HOAGLAND. Correct.
Ms. HOLUBOWICH. Correct.
So the reason I ask what I think are these basic foundational questions is because the present Budget Committee process does not require us to do any of those things. It does not require us to sit down and consider and vote on a sustainable debt-to-GDP ratio. It does not require us to sit down and discuss and vote on a glide slope that gives us a reasonable period of time to get there. And it does not require us to look at those four elements.
So, from a process point of view, that is part of the focus of this letter.
Another piece of our problem is that, as has been repeatedly pointed out, the budget reconciliation process has been more or less
hijacked to provide a fast lane around traditional Senate regular order for particular political priorities of the majority and, indeed, in some cases, deficit-increasing priorities of that present majority.

Could I ask each of you to provide for the record your recommendations as to what language we might consider to cabin the budget reconciliation process so that it is redirected back to its original goal, which is to keep our deficits and debt under control?

That is going to take too long in my remaining 39 seconds, but would you send that to us in writing so we have your views on that?

Ms. HOLUBOWICH. Absolutely.

Senator WHITEHOUSE. The last thing that I will mention, and it is a corollary of this, is that presently there is no procedural path in the Senate Budget Committee for bipartisan work. I don't think we are going to get this done if we don't have an avenue that encourages us to work in bipartisan fashion. We can trade blows back and forth with majority-driven, jammed-through-with-simple-majority budgets and reconciliation measures, but ultimately we are going to have to look at this in a bipartisan fashion.

And so my urgent concern is that we create a parallel bipartisan budget bypass just in case that bipartisanship can be achieved. You can't mandate bipartisanship, but, by God, you ought to make a way for it if it can happen.

Mr. Hoagland, you are energetically signaling.

Mr. HOAGLAND. I don't know if this rule still exists, but under the earlier timeframe, if the budget resolution had not been reported out of the Budget Committee in the Senate by April the 1st, budget resolutions that had been introduced—if you and Senator Perdue had introduced a budget resolution yourself, it would have been automatically discharged and put on the calendar.

That is one way of creating a—if the chairman and the ranking member are not getting their work done, that doesn't preclude the two of you from putting together your own resolution and putting it out there.

Now, getting it off the calendar is a different issue. But you could still do that under existing rules, as I understand.

Senator WHITEHOUSE. There is an opportunity for considerable mischief there, as well as considerable bipartisanship.

Co-Chair WOMACK. Last question. Mr. Arrington, bring us home.

Representative ARRINGTON. Well, I want to associate myself with Senator Whitehouse and the whole concept, notion of a glide path and debt-to-GDP targets. We are looking for a bipartisan way to move forward. I don't see any policy orientation, Republican or Democrat, in that. It is just the reality is we have to walk back that ratio to a healthy, responsible level, and then it can be determined what dials to use to get there.

I think, ultimately, though, you are going to have to have some consequence if you don't get there. I just don't know that—but it would be a great start, and I support that 100 percent. We have been talking about that.

So my question is this super-sequestration, because I would have an idea—I don't know that it would be supported, but—and I ran against sequestration, but I have to tell you, since I have been
here, I just think it was wrongly applied. I thought that the idea was good in concept, but it missed 70 percent of the spending.

So what is this idea of super-sequestration that you all kicked around? And some of your thoughts around—I just was intrigued, and that was my follow-up.

Ms. HOLUBOWICH. Sure.

You know, so I think where we came out is that ultimately, again, that stick is a failure. And as I have known—full disclosure, I am the founder and co-chair of NDD United campaign. We advocated to raise the caps; we advocated to stop sequestration. We are three for three. Thank you for that.

This is more than dollars on a ledger. This funding is impacting people's lives every day. We have spent the last 6 years documenting the impact of this. It is too blunt a tool—I am speaking for myself——

Representative ARRINGTON. Yeah.

Ms. HOLUBOWICH.——too blunt a tool. It is too dramatic. And it is not the glide path that I think you seek.

I would just say, you know, a word of advice, I think, from our process, again, is to focus on process. We had these conversations, and policy and process blur, but when you get toward the outcomes, the energy in the room would shift, the body language would change, and we would bump up against impasse.

So I think for you all, focus on the true process, build that foundation that will allow you through proposals like ours—the Budget Action Plan, the long-term reviews—to address the policies and the outcomes. I think you will be more successful. I think that is how we were successful. And if, again, we had focused on what is the appropriate debt-to-GDP ratio, we would not be here today with a set of proposals for you.

Representative ARRINGTON. My only concern is I think you make a smoother path right off the cliff. I mean, it won't be as bumpy, we will be able to enjoy the ride a little bit while we are, you know, still intact, and then we crash. And then it is forced upon us, ultimately.

So, if you think the blunt instrument of having reasonable walking-back of whether it is the dial of tax on the revenue side or spending, wait until the sovereign debt crisis hits. And you think the blunt instrument of any of these dials being thrust upon us because of our lack of will—then I think that is a much worse scenario to avoid. And I think we have to think in pretty extreme terms to avoid that.

And, again, I would put revenue, just to be fair, and the spending cuts, and then I would not negotiate away 70 percent of the budget that is really driving the debt. That is really my——

Ms. HOLUBOWICH. Yeah. I think we would see that as outside of the process. I mean, that is the outcome that you are striving for. You know, your charge is really, how do we build a foundation and a framework to allow those conversations to happen? I fear that, if you go down that path in this body, you will not get to creating that foundation.

Representative ARRINGTON. You know, I am kind of revealing my—I want to get——

Ms. HOLUBOWICH. I agree with you completely. Yeah.
Representative ARRINGTON. So, Mr. Chairman, I don’t want to take any more of everybody’s time, but thank you, panelists, and appreciate the feedback.
I yield back, Mr. Chairman.
Co-Chair WOMACK. Mr. Hoagland, Mr. Wolfensberger, Ms. Holubowich, Mr. Owens, thank you so much for being with us today.
Be advised that members may submit written questions to be answered in writing. Those questions and your answers will be made part of the formal hearing record.
Any members who wish to submit questions or any extraneous material for the record may do so within 7 days.
And, with that, this committee stands adjourned.
[Whereupon, at 11:35 a.m., the committee was adjourned.]
Senator Whitehouse’s Question to Emily J. Holubowich and M. Matthew Owens

Do you believe the budget reconciliation process should be available for measures that substantially add to our deficits and debt? Should we consider limiting this process to measures that move us toward a sustainable debt-to-GDP level?
Written Response of
Emily J. Holubowich, MPP
Convergence Building a Better Budget Process Project Participant
Executive Director, Coalition for Health Funding

And

M. Matthew Owens
Convergence Building a Better Budget Process Project Participant
Vice President for Federal Relations and Administration,
Association of American Universities (AAU)

To a question from Senator Sheldon Whitehouse (RI) regarding Budget Reconciliation
May 11, 2018

Thank you, Senator Whitehouse, for your question about limiting budget reconciliation instructions and legislation to deficit reduction during the May 9, 2018 hearing of the Joint Select Committee on Budget and Appropriations Process Reform.

Participants in the Convergence Building a Better Budget Process project agree that reconciliation has veered away from its original purpose, and our group considered several ways to address this issue. We agreed that reconciliation should continue to be restricted to budget legislation, as under current law, but the group could not ultimately reach unanimous consensus—a requirement for the Convergence process—on how to change the reconciliation process without the risk of causing unintended consequences. Thus, our proposal allows reconciliation instructions to be included in the budget, with the caveat that some strongly believed the proposal could only be successful if reconciliation were reformed to change the norms around its use.

The following are reforms to reconciliation that we considered during our deliberations:

• requiring reconciliation instructions to specify changes in spending and revenues, so there is more clarity about the purpose of the instruction and the programs affected;
• limiting reconciliation to deficit reduction, both inside the budget window and beyond and, similarly, preventing reconciliation from being used in any way to increase the debt; and
• prohibiting de minimis reconciliation targets, such as achieving $1 billion in savings over 10 years.

Our failure to reach consensus should not discourage the Committee from considering reforms to the reconciliations process. Perhaps, with more time and discussion, our group could have found
agreement. Should the Committee develop reforms to reconciliation, we strongly suggest you evaluate them using the nine principles for a better budget process developed by the Convergence Building a Better Budget Process dialogue participants. The principles lay the foundation for creating a budget process supported by a diverse set of interests and ideologies. To that end, we believe evaluating other budget process reforms using our nine principles will aid the Committee in its important work.

Below are the principles agreed to by the group:

**COMPREHENSIVE**
The budget process should consider and oversee all of the government’s financial resources, spending and revenue of all kinds, over the short- and long-term.

**NEUTRAL**
The budget process should not tilt toward a specific outcome, or ideology.

**STRATEGIC**
The budget process should develop and establish a plan that includes clear and achievable goals for fiscal policy and guides budgetary decision making.

**TRANSPARENT**
The steps of the budget process should be clear and understandable to all users including lawmakers, executive agencies, and the public.

**INFORMED**
The budget process should be informed by objective, independent, non-partisan, and high-quality data that is accessible to all users.

**INCLUSIVE**
The process should allow for differing viewpoints, including majority, minority, and stakeholder opinions, to be presented and discussed in an open and structured debate.

**DURABLE**
The budget process should be durable across administrations, Congresses, the political environment, the economic climate, and time.

**PREDICTABLE**
The budget process should be completed according to meaningful and achievable deadlines.

**SIMPLE**
The budget process should be as straight forward as possible.
THE BUDGET RESOLUTION—CONTENT, TIMELINESS, AND ENFORCEMENT

THURSDAY, MAY 24, 2018

HOUSE OF REPRESENTATIVES,
JOINT SELECT COMMITTEE ON BUDGET AND APPROPRIATIONS PROCESS REFORM,
Washington, D.C.

The committee met, pursuant to call, at 10:45 a.m., in room HVC–210 Capitol Visitor Center, Hon. Steve Womack and Hon. Nita M. Lowey [co-chairs of the committee] presiding.


Senators Ernst, Whitehouse, Schatz, and Hirono.

Co-Chair WOMACK. Good morning. The Joint Select Committee will come to order.

Welcome to the third public hearing of the Joint Select Committee on Budget and Appropriations Process Reform. The most important role given to Congress under Article I of the Constitution is the power of the purse. Our panel is charged with ensuring we can fulfill this fundamental and essential duty.

Long before we began our work, there was bipartisan agreement that the current process for completing this basic function of government needs substantial improvement. And during our hearing so far, we have identified some of the main challenges with the current budget process.

Today’s discussion will be more focused on the opening piece in the process, the annual budget resolution. As designated by the 1974 Budget Act, the budget resolution was intended to help Congress govern effectively.

Unfortunately, the budget resolution, as we know it today, is often associated with government dysfunction and consistently missed statutory deadlines.

There even seems to be some confusion from Members in both Chambers on both sides of the aisle about the value of even doing a budget resolution each year. That is regrettable.

This apathy was clearly exemplified just 2 weeks ago in the House Budget Committee during our Member’s Day hearing, a required forum and formal opportunity for Members to present their budget ideas for fiscal 2019. Aside from members of the Budget Committee, that forum was utilized by one Member.

While I was disappointed by the lack of participation, it was a sobering illustration of the budget’s need for our select committee to succeed. During today’s conversation, I am hopeful that we can start determining ways to make the budget more useful to Mem-

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bers of Congress and encourage engagement in the process. And I also look forward to talking about ways to make the budget resolution more realistic as a governing document, ensuring that it can be effectively enforced.

Even though today is about the budget resolution, we cannot ignore the fact that the appropriations process is inextricably linked. The sooner that a budget resolution is passed in final form, the less likely Congress will have to rely on an omnibus or a continuing resolution.

However, as both an appropriator and as chairman of the House Budget Committee, I recognize that we must be honest and ask ourselves whether the modern Congress will ever be able to successfully process 12 individual appropriation bills in a single year.

This morning, to add to our conversations on this important topic, we welcome several experts who have studied the budget and appropriations process extensively.

Joining us for today’s discussion, we have the president of the Committee for Responsible Federal Budget, Maya MacGuineas.

Jim Capretta is here from the American Enterprise Institute, where he serves as a resident fellow and the Milton Friedman Chair. Jim brings a wealth of experience from his time at OMB and as a Senate Budget Committee staffer.

Bill Dauster also joins us today, bringing his unique perspective as a 30-year Senate staffer and the author of a book on budget process law.

Finally, offering an outside academic’s view, we have Joseph White, a political science professor from Case Western University.

Thank you.

And, with that, I would yield to the distinguished co-chair, the gentlelady from New York, Mrs. Lowey for her opening remarks.

[The prepared statement of Steve Womack follows:]
CO-CHAIR WOMACK OPENING STATEMENT:
The Budget Resolution—Content, Timeliness, and Enforcement

Washington, D.C., Thursday, May 24, 2018

As prepared for delivery—Joint Select Committee Co-Chair Steve Womack

Good morning, and welcome to the third public hearing of the Joint Select Committee on Budget and Appropriations Process Reform.

The most important role given to Congress under Article I of the Constitution is the power of the purse. Our panel is charged with ensuring we can fulfill this essential duty.

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There even seems to be confusion from members—in both chambers and on both sides of the aisle—about the value of even doing a budget resolution each year.

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Finally, offering an outside academic’s view, we have Joseph White, a political science professor from Case Western University.

Thank you, and with that, I yield to my co-chair, Ms. Lowey, for her brief opening remarks.
Co-Chair LOWEY. Well, thank you very much. And I would like to welcome everyone to this hearing on the subject of budget resolutions, their content, timeliness, and enforcement.

Once again, we have a very good group of witnesses. We have Bill Dauster, who has formerly served as staff director and chief counsel of the Senate Budget Committee and in several other senior staff positions in the Senate and the White House.

We have Professor Joe White from Case Western Reserve University, who, throughout his long career, has written, thought, and taught about Federal budget policy and politics, as well as about healthcare policy. And, further, the committee will hear from two other distinguished budget experts. Maya MacGuineas of the Committee for a Responsible Federal Budget and James Capretta of the American Enterprise Institute.

I want to thank you all for coming. I look forward to an interesting hearing, and I am sure you will share with us some very important information on which perhaps we can come up with some suggestions for change.

Thank you very much.

[The prepared statement of Nita M. Lowey follows:]
CO-CHAIR LOWEY OPENING STATEMENT:
The Budget Resolution—Content, Timeliness, and Enforcement
Washington, D.C., Thursday, May 24, 2018

As prepared for delivery—Joint Select Committee Co-Chair Nita M. Lowey

I would like to welcome everyone to this hearing on the subject of budget resolutions, their content, timeliness, and enforcement.

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I want to thank you all for coming. I look forward to an interesting hearing, and I am sure you will share with us some very important information on which perhaps we can come up with some suggestions for change.
Co-Chair WOMACK. Thank you, Mrs. Lowey.

I would like to now welcome our witnesses. Thank you for your time today, all of you. The committee has received your written statements. They will be made part of the formal hearing record, and each will have 5 minutes to deliver oral opening remarks.

And, Ms. MacGuineas, we are going to begin with you. It is an honor to have you, and I am going to turn the floor over to you. Thank you so much.

STATEMENTS OF MAYA MACGUINEAS, PRESIDENT, COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET; JAMES C. CAPRETTA, RESIDENT FELLOW AND MILTON FRIEDMAN CHAIR, AMERICAN ENTERPRISE INSTITUTE; BILL DAUSTER, FORMER DEMOCRATIC STAFF DIRECTOR AND CHIEF COUNSEL, SENATE BUDGET COMMITTEE; JOSEPH WHITE, PROFESSOR, DEPARTMENT OF POLITICAL SCIENCE AND CENTER FOR POLICY STUDIES, CASE WESTERN RESERVE UNIVERSITY

STATEMENT OF MAYA MACGUINEAS

Ms. MACGUINEAS. Thank you so much. And thank you for inviting me here today. I am really honored to be talking with the committee and appreciate all of you serving on it. And what has been great is it seems like you are off to a very strong start, so that is very encouraging.

In our written testimony, we offered 26 different recommendations which follow the five different budget areas for improvement. These things range from changing the budget calendar to standardizing baselines to making it more difficult to waive PAYGO.

What I would like to do in my couple minutes of remarks here is focus on three areas, and I am happy to discuss any of the others we submitted as well. And those three include the importance of getting something done. The importance of this committee succeeding at getting something done.

Number two, ending crisis-driven budgeting. And number three, developing a process, a neutral process that makes it easier to agree to sound, sustainable budgets.

So, to start with it, it is clear that the budget is no longer a statement of the Nation's principles or reflection of a strategic national plan. When the budget even does exist, it tends to be political statements filled with wishful thinking, and it puts all of you as our leaders in the counterproductive position of getting sucked into the partisan battle instead of thoughtful policymaking.

This committee is not going to be able to fix how broken our politics are right now or the extent of broken fiscal situation facing the country, but getting something done that both sides see as fair would be helpful as serving as a way to reboot the whole process and will start with a new commitment to actually following the reasonable budget rules.

The types of changes could include things you have heard a lot about from other witnesses before from biennial budgeting; changing the fiscal year; using the Fiscal State of the Nation Report, which Congressmen Kilmer and Renacci and Convergence and oth-
ers have all talked about; changing the makeup of the Budget Com-
mittees. But little steps can lead to bigger steps.

Second, one of the main problems that I assume you want to
solve is the threats of defaults and government shutdowns and how
to create dangerous situations in crisis-driven budgeting.

So, we encourage the committee to address these land mines by,
one, reforming the debt ceiling. By requiring votes to lift the debt
ceiling along with the votes for policies that would actually in-
crease the debt.

So, for instance, this would have required a debt ceiling vote
along with the debt increases that went along with the recent tax
cut and spending bills.

If you have to recognize the effects of the debt directly, it would
create at least more accountability and transparency, and perhaps
it would give lawmakers pause before adding to the debt.

Another one of the ideas that we support is auto CRs or an expe-
dited procedures to adopt short-term CRs to avoid shutdowns, with
the understanding that you don’t actually want to be encouraging
the use of CRs as a way to budget.

Finally, we also encourage allowing more option for bipartisan
deficit reducing bills to be considered, which would encourage alter-
native budgets and/or consideration of broadly supported legisla-
tion. I have been interested in what Senator Whitehouse have been
talking about on this topic and others, but I think it is really im-
portant to create the incentives for the things that we want to get
done, bipartisanship, and the things that are harder to get done,
deficit reduction.

So, finally, perhaps the most important thing you could do is im-
prove the process to encourage consideration of serious fiscal plans
to improve our debt situation. No amount of calendar changing,
baseline improving, auto-CRing will be sufficient to accomplish a
serious fiscal plan and the political will to enact that.

So, while we all recognize that budgeting is about tradeoffs and
hard choices, one merely needs to look at the current fiscal situa-
tion of upcoming trillion dollar deficits, projections of unprece-
dented debt levels, and interest being the fastest growing part of
the debt of the budget to know that this isn’t happening in our cur-
rent budget. And the potential damage could harm our country for
decades.

So, to address this, we support the adoption of a system of estab-
lishing medium-term debt target along with new enforcement
mechanisms. And in 2010, our board of experts came up with an
idea called a Debt Stabilization Act, whereby there would be a me-
dium-term debt-to-GDP target, annual targets to create a glide
path to get there, and the budget resolution would comply with
those targets, and both spending caps and PAYGO’s would be in
place.

There would also be an additional trigger mechanism, and I em-
phasize that my board thought it was really important that trigger
mechanism be half revenues, half broad-based spending cuts to
really have both sides object to it, and it would be a mechanism
that would help have budgets comply with those targets.

There are a number of ways to structure these different targets.
At the time, we were shooting for a debt-to-GDP ratio of 60 percent
by 2018. So, we are going to have to wiggle room that a little bit, not quite on track for that. But there are a lot of different ways to make this mechanism work. We would be delighted to work with people figuring out that structure.

But, frankly, just moving to a process that includes a fiscal goal as part of the budget process would be a significant improvement from what we currently have. And the time to do this is right because the economy is strong; at the same time, the fiscal situation is precarious. And bipartisanship, which we desperately need, is at a low, but you have the start of a really good working environment here.

So, lastly, whatever you do, we encourage you to add to your new process stronger enforcement mechanisms because, right now, if you look at how we try to enforce the budget with spending caps and PAYGO, the holes in that are so large; it really results in them being meaningless. And a budget process that is meaningless undermines the entire faith in our system to do the most important thing that there is for the country, which is to set the thought-out plan for where we want to go.

So, again, thank you so much for having me here today. We have a number of recommendations we are pleased to share with you.

[The prepared statement of Maya MacGuineas follows:]
Co-Chair Womack, Co-Chair Lowey, and Members of the Joint Select Committee, thank you so much for inviting me here today to discuss the Congressional budget resolution and possible changes. Improving the content, timeliness, and enforcement associated with the budget resolution should be considered a major component of overall budget process reform. The current budget process is clearly broken, and I am pleased your committee is working to fix it.

I am Maya MacGuineas, president of the Committee for a Responsible Federal Budget. The Committee for a Responsible Federal Budget is a nonpartisan organization dedicated to educating the public about and working with policymakers on fiscal policy issues. Our co-chairs are Purdue University President and former Governor and OMB Director Mitch Daniels; former Secretary of Defense, OMB Director, Chief of Staff to the President, and Chairman of the House Budget Committee Leon Panetta; and former Congressman Tim Penny. Our board includes past directors and chairs of the Office of Management and Budget, the Congressional Budget Office, the Federal Reserve System, the Treasury Department, and the Budget Committees. Our partner organization, Fix the Debt, is a nonpartisan coalition that supports a “grand bargain” to help deal with the debt. That group is chaired by Senator Judd Gregg and Governor Ed Rendell.

In this testimony, I will:

1. Describe the problems and challenges of the current budget resolution,
2. Propose ideas for budget resolution reform,
3. Cover other concerns and reforms that have been proposed for the budget resolution, and
4. Discuss additional budget process reform ideas we have been developing.
The problems and challenges of the current budget resolution

There is growing consensus that the budget process must be changed to help restore Congress' ability to make efficient and timely budgget and appropriations policy. Though the modern budget process functioned relatively well early on, Congress has increasingly moved to dealing with budget issues on an ad hoc basis — often by passing debt-financed legislation that was never budgeted for and two-year discretionary spending deals that fail to put appropriated spending in a broader context.

The budget resolution has evolved from a tool for lawmakers to set a serious fiscal goal and outline a plan to get there, to a political messaging document that sometimes contains a mechanism for a most-often partisan reconciliation process. Recent budget resolutions have relied on gimmicks to meet a specific fiscal goal that would otherwise be politically and/or programmatically unattainable.

Too often, Congress does not even complete a budget resolution. That is a true abdication of responsibility and it should not be acceptable to any of us for our country to be running without a thoughtfully crafted budget.

The main problems with the budget resolution process are:

- The budget doesn’t sufficiently involve national priority setting, strategic thinking, or grappling with basic tradeoffs.
- There is a lack of consistency, accountability, and transparency.
- Deadlines are routinely missed, which can lead to crisis-driven deals and appropriating.
- The budget is largely unenforced and in some ways unenforceable.
- The process has become more of a political or aspirational exercise than the start of serious budgeting.
- Few budget constraints are built into the process.
- The budget regularly leads to poor fiscal outcomes through failure to follow through or deficit-increasing reconciliation.

In an ideal world, the budget resolution would reflect our values, our priorities, and our game plan. The budget process should be the opportunity to agree to national goals, contemplate and evaluate the policies to achieve them, and lay out responsible means of financing them. Deadlines would be taken seriously, the budget plan would be adhered to, and the entire process would inject purpose and stability into the process of governing.

At the most basic level, no smart business would consider operating without a thoughtfully designed budget. Neither should our country.
Recommendations for budget resolution process reforms

Through our Better Budget Process Initiative, the Committee for a Responsible Federal Budget has developed dozens of budget process reform ideas and recommendations. With regard to your committee, we’ve put together a set of recommendations to:

1. Encourage timely budgeting and avoid crisis-driven budgets
2. Strengthen budget enforcement and prevent gimmicks
3. Budget comprehensively and reform budget baselines
4. Expand focus on the long term
5. Improve fiscal outcomes

1. Encourage timely budgeting and avoid crisis-driven budgets:

   • Streamline the budget process by conforming the federal fiscal year to a calendar basis, adopting biennial budget resolutions, and consider biennial appropriations. A process could also be set up to establish two-year 302(a)’s in law early in the year after Congressional elections.

   • Prohibit consideration of any legislation with a fiscal impact until a budget resolution is in place. Establish a super-majority point of order against legislation with a cost in any fiscal year for which no budget has been passed. Consider additional consequences for failure to enact a budget.

   • Allow enhanced discharge petitions for bipartisan deficit-reducing bills if a budget resolution has not passed a chamber by a reasonable deadline. This would allow bipartisan groups to offer fiscally responsible policy alternatives if the April 15 budget resolution deadline is missed or after an additional grace period.

   • Reform the debt ceiling to reduce the risk of default while linking it to tax and spending decisions included in the budget resolution. Removing the threat of a financial default would be helpful in diminishing the crisis environment that dominates the current budget process; however, it would be imprudent to simply eliminate one of the only remaining fiscal constraints in the process. Instead, the debt ceiling could be reformed by requiring an increase in the debt limit when legislation adds to the deficit—creating greater accountability, and/or giving the President authority to lift the debt ceiling if Congress does not act—along with a requirement that he or she submit a plan to set and meet fiscal targets that reduce projected debt.

2. Strengthen budget enforcement and prevent gimmicks:

   • Restore and codify the Conrad rule. This would prohibit any reconciliation legislation from increasing deficits within the ten-year budget window.
• Minimize "rosy scenario" and "magic asterisk" gimmicks by requiring budget resolutions to use the CBO baseline and reconcile all mandatory spending and revenue changes.

• Budget resolutions should incorporate rules to limit the use of budget gimmicks to evade discretionary caps, PAYGO, and other enforcement measures.

3. Budget comprehensively and reform budget baselines:

• Require Congress and the President to use the same baseline. Establish a single set of rules for baseline construction for CBO and OMB. This would be used by both the President and Congress for their budget development and legislative proposals, and make the process much more transparent and less vulnerable to gimmicks.

• Reform and codify treatment of emergency discretionary spending. The baseline should assume emergency funding is temporary, capped funding is constrained by caps, and other appropriations are extrapolated forward.

• Use parallel treatment of spending and revenues for any future legislation. Unless specifically designated otherwise, either all future temporary tax and spending provisions should be scored and assumed temporary or they should be scored and assumed permanent. This would apply prospectively and not to legislation already in effect (until it is extended).

• Budget regularly for mandatory spending and tax expenditures, similar to discretionary programs. Establishing multi-year budgets and/or caps for mandatory spending programs and tax expenditures, and requiring regular review of both, (for example, requiring reauthorization every five years) would reduce "autopilot" policies that current policymakers never explicitly approved.

4. Expand focus on the long term:

• Allow reconciliation instructions to cover the second decade, which would help the Budget Committee ensure budget savings continue beyond the current ten-year budget window.

• Require the President and Congress to incorporate second-decade estimates in their budgets. Policymakers need to understand the fiscal impact of major spending and tax proposals not just within the current ten-year budget window, but also over the entire budget horizon as such proposals often have dramatic budgetary effects in the second decade and beyond.
5. Improve fiscal outcomes:

- Require Congress to adopt multi-year debt-to-GDP targets designed to reduce debt as a share of GDP. Establish expedited procedures, possibly through the Budget Committees, to help meet targets along with budgetary triggers. This recommendation is based on the Peterson-Pew Commission on Budget Reform’s Getting Back in the Black report.

- Mandatory and revenue savings assumed in the budget resolution should have matching reconciliation instructions. The reconciliation process in the budget resolution is both under and inappropriately utilized. Reconciling the budget’s goals with real legislation should be done regularly for the purpose of deficit reduction.

Additional thoughts on reforming the budget resolution

I want to comment further on a few key ideas regarding budget resolution reform that are often part of the discussion.

Joint Budget Resolution

The budget resolution is only a concurrent resolution between the chambers, thus it has no force of law. A joint budget resolution would bring the President into decisions about discretionary spending levels, mandatory spending reform, tax policy, and deficit reduction targets early in the process. This would encourage negotiations at the beginning of the budget cycle, providing certainty for the appropriations process.

However it is worth noting, the President’s involvement could delay adoption by requiring additional time for negotiations. One could create a fallback mechanism that would set enforceable spending and revenue levels based on the joint resolution to allow the budget process to move forward if the President should veto the joint budget resolution.

A budget with the force of law would allow it to set policy in more concrete ways: legislate statutory spending caps, increase the statutory debt limit, or set up enforcement mechanisms that would take effect if Congress fails to meet specified deficit or debt targets. Policymakers would take the budget more seriously and consider whether they are prepared to abide by its limits.

Social Security

Social Security is the largest mandatory program, making up a quarter of spending. It exists outside the budget resolution process, and it makes no sense to leave it outside of a process that is built to evaluate national priorities, their tradeoffs, and their funding. Social Security deserves a place in the budget process.
The Convergence Recommendations

As a participant in the Convergence Center for Policy Resolution’s Building a Better Budget Process, I was encouraged to see stakeholders from across the political spectrum meet over a period of months to work toward consensus budget process reform recommendations.

Regarding the budget resolution, we recommended revising it to be a two-year Budget Action Plan. This plan would set top-line discretionary funding levels, adjust the debt limit, have the option for reconciliation instructions, and include an analysis of the plan’s effect on the long-term fiscal outlook. It would be negotiated at the beginning of each Congress, approved by a majority in both chambers, and sent to the President for signature. There would be a spring deadline allowing the chambers to move forward on appropriations bills by deeming levels if the process were to gridlock. To add accountability, the Budget Committees or CBO would put forward analysis at the end of each Congress assessing enacted discretionary levels, reconciliation, and all legislation with fiscal effects compared to what was laid out in the Budget Action Plan. This would provide clear information to allow the public to hold elected officials accountable.

Other budget process reform recommendations

Below I have briefly outlined our recommendations to improve the budget process that are not directly related to the budget resolution:

Encourage timely budgeting and avoid crisis-driven budgets:

- Require automatic Continuing Resolutions (CRs) or expedited procedures to avoid government shutdowns. Automatic or expedited (no filibuster) CRs should be very short-term and funded at the prior year’s level with no anomalies. Additional consequences for failure to enact appropriations could also be implemented.

Strengthen budget enforcement and prevent gimmicks:

- Raise the Senate vote threshold above 60 votes to waive PAYGO and all Budget Act points of order. The current 60-vote threshold for passing non-reconciliation legislation in the Senate effectively renders 60-vote points of order meaningless. A threshold above 60 for fiscally irresponsible legislation would be a meaningful hurdle for lawmakers.

- Require a separate roll call vote whenever PAYGO or a Budget Act point of order is waived in either chamber. Lawmakers should go on record and make it clear to the public when they want to waive budget rules so that constituents can hold them accountable.

- Establish clear guidelines and requirements for discretionary spending outside the caps such as OCO/GWOT, disasters, or emergencies. Exceptions to the discretionary spending...
caps should be limited and clearly defined in order to maintain fiscal discipline and transparency.

- Prevent timing shifts from counting as savings under budget enforcement rules. Disallow the use of temporary offsets to pay for permanent policies, disallow the use of CHIMP's that simply shift spending from one year to the next in order to make room in the current year.

- Prohibit the use of cuts in "empty BA" to comply with discretionary spending caps. Do not count savings from discretionary rescissions or mandatory CHIMP's not accompanied by outlay savings.

- Promote trust fund integrity and prevent trust fund "double counting." Either all trust fund spending should be assumed limited by trust fund resources or none should. In addition, require transfers into trust funds to be counted as a cost for enforcement purposes and allow trust fund savings to be used as an offset only if savings are transferred to the general fund.

Expand focus on the long term:

- Require CBO to include interest cost estimates for all scores of legislation. This change will ensure the full fiscal impact of legislation is measured and understood. Senator Daines (R-MT) and Representative Brat (R-VA) have introduced legislation to do so in their respective chambers.

- Create a long-term pay-as-you-go rule that requires spending commitments not exceed current revenues. This would not have a bias towards more or less spending, but it would be a form of intergenerational pay-as-you-go requiring that we not promise more in the future than we are willing to pay today, relative to the economy. It could be equalized by scaling back future commitments or increasing current revenues.

- Create a Fiscal State of the Nation address presented by the Comptroller General. This would be helpful in highlighting for policymakers the immediate fiscal challenges demanding attention as well as increase the American people's awareness that our current long-term fiscal path is unsustainable. Representatives Renacci (R-OH) and Kilmer (D-WA) have introduced such a "Fiscal State of the Nation" resolution.

Improve fiscal outcomes:

- Extend discretionary spending caps through 2028. Our unsustainable fiscal outlook requires discipline throughout the budget. Discretionary spending increases should, at a minimum, be offset with mandatory program reforms and/or revenue increases.
Conclusion

The budget process is one of the most important documents in the legislative process. It provides the forum to consider and evaluate our national priorities and ultimately chart our national path. Passing meaningful budgets requires truthfulness, compromise, and a willingness to make tradeoffs and stick to the decisions that are made.

Reforming the budget process is not a substitute for the political willpower needed to make difficult and fiscally responsible choices. Nonetheless, smart budget rules can promote fiscal discipline and bring greater transparency and accountability to budgetary decisions. And right now, on the precipice of annual trillion-dollar deficits and interest payments growing faster than any other part of the budget, we face unprecedented fiscal challenges and need all the help we can get. In addition, fewer ignored deadlines and crisis-driven moments would enhance credibility among the public, restoring Americans' faith in their leaders' ability to do one of their most basic jobs.

The Joint Select Committee process so far has been very encouraging. Members of both chambers and both parties are coming together to try to reform the budget process.

Thank you again for the opportunity to appear before the joint committee.
STATEMENT OF JAMES C. CAPRETTA

Mr. CAPRETTA. Thank you, Mr. Chairman.

Thank you, also, to Mrs. Lowey. I am very pleased to be here. Thank you for inviting me to participate.

I agree that the work of this joint committee is very, very important. It is very timely. And so, I really am pleased that the Congress created this committee and asked you to take a look at these very difficult questions.

The Federal Government is running very large annual deficits, and those deficits will grow in the future as the U.S. population ages and health spending continues to grow more rapidly than the economy.

The current Federal budget process is not helping Congress grapple with this fundamental challenge. Also, it does not facilitate an orderly and timely decision-making process. Congress wastes too much time on small and irrelevant matters, even as it fails to focus much attention on the issues of real budgetary consequence.

There are many aspects that need to change. Today, we are focused on the budget resolution. I am going to make just three recommendations here. Although, I agree that many more things need to be done beyond the three I am talking about today.

First, I think the budget resolution should become the vehicle for establishing and amending the statutory caps on discretionary spending. Second, the budget resolution should become the vehicle by which an automatic increase in the debt limit occurs. And, third, and most importantly, the budget resolution should be modified so that it includes a medium- and long-term outlook.

So, to the first recommendation on the caps. Obviously, under the Constitution, establishing budgetary policy is a shared responsibility between the executive and legislative branches. This is part of our constitutional structure, which is very important, of course, but one consequence is that we rarely have a budget that is enforced in total across the executive and legislative branches.

Something of an exception to this is the caps, which have been in place since 1990, more or less, with a couple of exceptions. These caps, while very much a part of the process today, are not part of the regular budget process in the Congressional Budget Act. They have been enacted on an ad hoc basis. I think the Congressional Budget Resolution should become the vehicle for establishing and amending those caps. Allowing the budget resolution to become the vehicle for this would make the budget resolution a much more serious legislative vehicle than it is today. It would also bring the executive branch into budget negotiations with the Congress earlier in the year, which might help prevent the kind of end of year political standoffs that now regularly occur.

There are a number of ways that this could be done. I think the most straightforward is that, as a final resolution made it both through the House and Senate, it would automatically trigger the sending of new legislation to the President for his signature or veto, changing the caps and statute to comply with whatever is in the budget resolution.
The President, of course, could either veto or sign it. If he vetoed it, then the Congress could try to override or, and if not overridden, the caps would still apply, at least in a budget resolution sense, to the Congress.

The second recommendation is to get rid of the debt limit. I think the debt limit has outlived its usefulness. Congress should get rid of it all together because it really is a self-inflicted wound if we fail to pay our creditors. But if we can’t do that, the budget resolution should become the vehicle for automatically raising the debt limit consistent with the budget levels in the budget resolution. This, too, would make the budget resolution a much more serious legislative vehicle. It would make it meaningful as a vote because this would be the vote that would trigger the debt limit being raised or not, and it would bring the executive branch also into the negotiations because of the legal questions associated with the debt limit.

Lastly, and most importantly, again, bringing a long-term outlook to the budget resolution.

You can see the importance of a long-term outlook by looking backwards. If we had, as a country, made changes in the mid-1990s, as was recommended by two bipartisan panels on budget outcomes and reforms, if we had made those changes 25 years ago, we would be in much better shape than today we are.

Similarly, we have to start making decisions now that affect the fiscal outlook of the country in 2030 and 2035. It takes that long to get some of these things right. And so, I know that is a difficult task to ask people who are here to represent the here and now and what is going on in the lives of their constituents now, but attending to that situation is absolutely critical. And the budget resolution really doesn’t facilitate that today.

So, my testimony covers this in more detail, but one simply way to do this is to bring into the budget resolution an agreed-upon measure of the Federal Government’s fiscal outlook going out the next three decades, such as a present value calculation of expected revenue and expected spending, make that a target for reduction over time, and use something like the reconciliation process to bring progress on meeting that goal.

Thank you. I will be happy to answer questions.

[The prepared statement of James C. Capretta follows:]
I want to thank the co-chairs, Rep. Womack and Rep. Lowey, for inviting me to participate in this hearing.

The federal government is running very large annual budget deficits, and those deficits will grow in the future as the U.S. population ages and health spending continues to grow more rapidly than the economy. The current federal budget process is not helping Congress grapple with this significant challenge. Also, it does not facilitate an orderly and timely decision-making process. Congress wastes too much time on small and irrelevant matters even as it fails to focus enough attention on issues of real budgetary consequence.

There are many aspects of the current process that need to change. Today, you have asked us to focus on the role of the congressional budget resolution and how it might be changed in a reformed process.\(^1\) In my testimony, I make three suggestions for

changing the role of the budget resolution.

- First, the budget resolution should become the legislative vehicle for establishing and amending statutory caps on discretionary spending.

- Second, passage of a budget resolution by both houses should automatically lead to passage of a statutory increase in the federal debt limit.

- Third, the budget resolution should be modified to include a focus on the federal government’s medium and long-term fiscal outlook.

The Budget Resolution Should Be the Vehicle for Establishing Caps on Discretionary Spending

Under the Constitution, establishing budgetary policy for the federal government is a shared responsibility of the coequal legislative and executive branches of the government. The Constitution purposefully establishes checks and balances on the federal government’s powers, much to the nation’s benefit. One consequence of this structure is parallel budgetary processes. The federal government rarely operates under anything resembling an enforceable budget plan that both Congress and the president have agreed to in full.
Caps on discretionary spending are something of an exception to the general point of parallel processes in the legislative and executive branches. The statutory caps that now apply to appropriated spending are binding on both Congress and the president. Caps of this kind have been in place nearly continuously since the 1990 budget agreement and are an accepted part of the process.

While statutory caps have been used for more than two decades, their enactment is not part of the routine congressional process. Instead, they have been enacted on an ad hoc basis, often without a full and open debate in Congress.

The congressional budget resolution establishes procedural limits on appropriated spending, but these limits are not in statute and are enforced only through points of order in the House and Senate that can be waived. Further, because the budget resolution is not signed into law, the president is not necessarily bound by the procedural limits on appropriated spending that they contain.

Allowing the budget resolution to become the vehicle for establishing or amending the statutory caps on discretionary spending would make the budget resolution a much more serious legislative vehicle than it is today. Investing this authority in the budget resolution would also bring the executive branch into budget negotiations with Congress earlier in the year, which might help prevent the kind of end-of-year political standoffs that now regularly occur.
There are a couple of ways that the budget resolution could be used to establish or amend statutory caps on discretionary spending. One option would be to have the passage of a budget resolution trigger the approval of companion legislation establishing or adjusting the caps consistent with the funding levels in the resolution. This companion legislation would be deemed as passed by the House and Senate upon approval of the budget resolution, and sent to the president for approval or veto. If the president vetoed the legislation, the budget resolution's spending limits would remain binding on Congress, as is the case today.

A bipartisan group of budget experts recently recommended something similar to what I am suggesting here today, which demonstrates the potential for this idea to get broad support.

**Passage of a Budget Resolution Should Automatically Trigger Passage of Legislation Increasing the Federal Debt Limit**

My second recommendation is similar to the first, in that I would make the budget resolution the vehicle for increasing the statutory limit on federal borrowing.

The debt limit has outlived its usefulness. It has become apparent in recent years that the limit now has the potential to inflict serious harm on the U.S. economy if the failure to raise it in a timely manner led to missed payments to creditors. There is no reason to risk such an outcome. There is no evidence that the current debt limit has had a
positive effect on fiscal policy. Consequently, I would recommend that Congress scrap the debt limit altogether.

While I am in favor getting rid of the debt limit, I understand that it may be difficult to get agreement in Congress to take this step. So, as a back-up option, I would recommend making the budget resolution the vehicle for automatically sending legislation to the president raising the debt limit to levels consistent with the budgetary levels included in the resolution.

Like the statutory caps on discretionary spending, tying debt limit increases to passage of the budget resolution would have the effect of making the budget resolution a more serious legislative vehicle because successful passage of the resolution would have the potential to reset the debt limit to a level consistent with Congress' budgetary plans. Further, connecting the debt limit to the budget resolution would likely draw the executive branch into the budget process earlier in the year, as the president would have a strong interest in ensuring the debt limit was set a level that is consistent with the administration's budgetary plans and goals.

There are a number of different ways for designing the mechanism of tying debt limit adjustments to the budget resolution. For many years, the House had a procedure for automatic passage of a debt limit increase when the House approved a budget resolution. Something like this rule could be adopted in both the House and Senate upon passage of a conference report on the budget resolution (or a resolution that is passed by both houses without a conference).
Allowing legislation to increase the debt limit to be triggered by congressional agreement on a budget resolution would not guarantee that debt limit crises would be avoided altogether because the president could always veto the legislation increasing the debt limit.

Still, this approach would make it much more likely that the U.S. would avoid debt limit crises. It would also be a powerful incentive for Congress to successfully pass a budget resolution each year, and for the budget levels in the resolution to be realistic to ensure the debt limit would not be breached.

The only way to slow the coming increases in federal debt that will occur under current law is for Congress and the president to work together on budget plans that will changes those laws to narrow future deficits. Tying the debt limit to the budget resolution will make it more likely that the budget resolution will become the vehicle for debating and passing those plans.

**The Budget Resolution Should Include a Long-Term Outlook**

The current budget process is not helping Congress make decisions that will improve the budgetary outlook over the longer run.

The Congressional Budget and Impoundment Control Act of 1974 requires Congress to consider budget plans covering at least five years. The common practice is for Congress to produce budget plans covering ten years. These projections are often derided
because it is not easy to predict what inflation, interest rates, or economic growth will be in ten years. Projections of deficits in two or three years can be off by wide margins when economic conditions shift abruptly. Nonetheless, for some programs, a ten-year horizon is not long enough for considering major programmatic changes. Entitlement programs are large and have complex rules, and millions of beneficiaries depend upon them for their incomes and health services. It is not realistic to expect that policy changes to these programs can be implemented quickly or abruptly. Moreover, the savings from changing program rules in these programs will often compound over time and become much more significant after ten years. Congress should have a clear understanding of the long-term budgetary effects of competing reform options while they are being debated.

It is certainly important what the deficit and debt will be in 2019 and 2020, and Congress should work to reduce both. But it is even more important what the cumulative deficit will be over the coming three decades. Indeed the expectation of large and growing deficits over the medium and long-term can have significant effects on economic performance today, by affecting decisions around personal savings and investment plans by businesses. And while there are many uncertainties in long-term projections, there is little doubt that the gap between taxes and spending will widen significantly in the coming years if nothing is done to change current laws. Further, for some federal programs, it will be important to make changes soon to slow spending in ten, twenty, or thirty years, so that current participants in the programs can be protected from the changes and to allow adjustments to be phased in slowly and gradually to minimize disruption.
The need for a longer-term focus in budgeting can be seen by looking backwards. If Congress had implemented major budgetary reforms in the mid-1990's, as was recommend by two bipartisan panels, the nation’s budget outlook would be much healthier today than it is.

One approach to building a longer-term focus into the budget process would be to first establish a uniform, accepted definition of the federal government’s unfunded liabilities. In general, this would mean calculating the present value of expected future tax receipts and expected future spending commitments over a defined period, such as thirty years. Long-term forecasts are already done annually for major entitlement programs, and so a large portion of the federal budget can be assessed on a present value basis with current information. These forecasts could be supplemented with assessments of other parts of the budget, especially those that create long-term obligations on behalf of the government, such as pension programs (civil and military and the Pension Benefit Guarantee Corporation) and health benefits.

Alternatively, Congress could build into the budget process an explicit maximum debt level, and the requirement of using projections covering a thirty-year period to determine compliance with it. For instance, Congress could pass a law stating it is the objective of the government to keep federal debt below 60 percent of GDP, as it has been until recently throughout the nation’s history except during wartime (it is now at 77 percent of GDP).
Congress could then require the budget resolution to include projections of unfunded liabilities or federal debt, or both, over this longer time horizon. Budget resolutions that made the outlook worse, or did not meet specified statutory goals for improvement, would be considered out of order. It would not be necessary to eliminate unfunded liabilities all at once, or to bring debt levels down immediately to a predetermined goal. But there should be a presumption against consideration of any budget resolution that did not put the government on a path toward complying with reasonable fiscal goals on a permanent basis. The budget resolution also should be allowed to set in motion legislation to improve the long-term outlook using expedited procedures modeled on the budget reconciliation process.

Presidents should be required to include in their annual budget submissions to Congress projections of what the administration’s policies would do to the government’s unfunded liabilities and debt over a thirty-year period, and to submit recommendations for bringing the budget into compliance with long-term goals for these measures on a gradual basis should the forecast show unfunded liabilities or debt exceeding established targets. CBO could then independently evaluate the president’s plan to determine whether it met the stated goals or not.

Conclusion

It has been more than four decades since Congress passed the Congressional Budget and Impoundment Control Act, which established the Budget Committees and built
today’s process around concept of the budget resolution. The budget resolution has been instrumental in setting in motion many important pieces of legislation in the past forty years, such as the 1990 and 1997 budget agreements.

But it’s clear that the role of the budget resolution needs to be updated, to make it a more relevant and consequential vehicle, and to help Congress grapple with the serious challenge of long-term deficits.

Thank you again for the opportunity to participate in this important hearing.
Representative WOMACK. Thank you, sir.
Mr. Dauster.

STATEMENT OF BILL DAUSTER

Mr. DAUSTER. Thank you, Mr. Chairman, Chair Lowey, members of the committee, thanks for letting me be here today.

Let me start by acknowledging the dirty little secret. Okay, maybe it is not so secret. A lot of members hate the budget process. I am here to tell you: It is okay to hate the budget process. It is frustrating. It gets you blamed for failure that you did not cause, and it is full of unnecessary drama. But there are five things, probably more than that, but I will talk about five things that you can do that will help us hate the budget process less.

First, don’t make it worse. Take the Hippocratic Oath of budget reform: First, do no harm. Don’t set yourself up for more frustration and failure. Don’t create a system that punishes you when leadership fails to do its job. A good budget process should be like your favorite car. It gets you where you want to go. It doesn’t force you to go where you don’t want to go.

Chairman Womack was right when he said that a good process is not in the business of prescribing specific budget outcomes. A bad budget process is sort of like an overambitious New Year’s resolution. You know, those promises that would be nice, but we just can’t keep. By February, we are denying we ever made them. Gramm–Rudman was like that. And I would argue the unrealistic budget control caps were as well. So, I would say make changes that are like your favorite car and not like a New Year’s resolution.

Second, we should use Senator Bennet’s term, de-weaponize the debt limit. Senator Whitehouse is exactly right when he said that it is like a bear trap in your bedroom. Many Republicans and Democrats alike agree that now may be a time to end this drama. The Gephardt rule, which automatically changed the debt limit when you adopted a budget resolution, should be applied in both Houses. And if that fails, there is the McConnell rule. That is the rule that you delegate power to the President to suspend the debt limit for a period of time subject to a fast-track resolution of disapproval.

Third, a lot of Senators hate the budget process and the budget resolution, in particular, because of vote-a-rama, the all-night vote marathon on amendments that no one has seen before. None of us have liked pulling all-nighters since college, and if we admit it, we didn’t like it in college.

One problem is that the vote-a-rama is one way that the minority can get its voice heard. But you can solve that by guaranteeing that the minority leader gets a vote on a certain number of amendments. You can haggle over the number, but it has got to be something less than 50. After a certain number, the press stops paying attention anyway, so why torture yourself?

Fourth, I like the Convergence Center idea to facilitate a budget action plan at the beginning of a new Congress. The election cycle is the cycle that Congress pays attention to anyway, so you should recognize that reality in the process.

I also agree with Chair Lowey, and I would not move to a 2-year appropriations bill. Annual appropriations bills are one of the few
ways you guys have to get the Secretary of such and such to answer your telephone call.

Fifth, I like the Convergence Center’s idea to make the chairs and ranking members of other committees, members of the Budget Committees and for many of the same reasons that Senator Perdue expressed here.

As spots open up on the Budget Committees, give the other chairs and rankers a right of first refusal to join you on the Budget Committee. If enough do, it would become a place where deals get done. There are five suggestions. Good luck and Godspeed in your efforts.

[The prepared statement of Bill Dauster follows:]
Six Things To Help Us Hate the Budget Process Less

Testimony of Bill Dauster
before the
Joint Select Committee on Budget and Appropriations Process Reform
May 24, 2018

Thank you Chairman Womack, Chair Lowey, and Members of the Committee. I appreciate the opportunity to testify before you all today.

Let me start by acknowledging the dirty little secret — OK, maybe it's not so secret — a lot of Members of Congress hate the budget process.

I'm here to tell you that it's OK to hate the budget process. It's frustrating, get's you blamed for failure that you didn't cause, and it's full of unnecessary shutdown drama.

But you all can do six things to help us hate the budget process less.

First — Don't make it worse. Take the Hippocratic Oath of budget reform. First, do no harm. Don't set yourself up for more frustration and failure. Don't create a system that punishes you when leadership fails. Mr. Kilmer was right when he said that "when Congress puts a gun to its head, it ends up pulling the trigger." Rather, a good budget process should be like your favorite car. It gets you where you want to go. It doesn't force you to go where you don't want to go. I entirely agree with what Chairman Womack said: A good budget process is "not in the business of prescribing specific budget outcomes."

A bad budget process is like an overambitious New Year's resolution — those promises that would be nice but we just can't keep. By February, we're denying that we ever made

1 The doctors' Hippocratic Oath included the promise “to abstain from doing harm.”
3 Bipartisanship in Budgeting: Hearing before the Joint Select Committee on Budget and Appropriations Process Reform, 115th Cong. (May 9, 2018) (statement of Co-Chair Steve Womack). See also Opportunities to Significantly Improve the Federal Budget Process: Hearing before the Joint Select Committee on Budget and Appropriations Process Reform, 115th Cong. (April 17, 2018) (statement of Co-Chair Steve Womack: "any recommendations from this committee should reflect improvements to the congressional process, rather than offer prescriptions for specific budgetary outcomes"); id. (statement of House Budget Committee Ranking Minority Member John Yarmuth: “whatever we propose should not be aimed at some kind of philosophical result or any kind of outcome").
them. Gramm-Rudman was like that. The unrealistic Budget Control Act caps were, as well.

So make changes that are like your favorite car and not like New Year’s resolutions.

Second — We should, to use Senator Bennet’s term, “dewaponize” the debt limit. Senator Whitehouse was right that the debt limit is like “somebody … put a bear trap in their bedroom.” Many, Republicans and Democrats alike, agree that now may be the time to end this shutdown drama. The Bipartisan Policy Center, with the able work of Bill Hoagland, your witness May 9, convened a bipartisan working group, in which your witness today Jim Capretta and I have participated as staff, which has had very encouraging discussions about changing the debt limit process.

The Gephardt Rule, which automatically changed the debt limit when you adopted the budget resolution, should be applied to both Houses of Congress. And if that fails, the McConnell Rule should be institutionalized. That’s the rule that delegated power to the President to suspend the debt limit for a period of time, subject to a fast-track joint resolution of disapproval.

Third — A lot of Senators hate the budget resolution because of vote-a-rama — the all-night vote marathon on amendments that no one’s seen. None of us have liked pulling all-nighters since college. If we’re honest, we didn’t like them then.

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4 The deficit at the end of Gramm-Rudman was almost exactly equal to the deficit at the beginning of Gramm-Rudman, but in the meantime, the OMB had twisted itself into knots making unrealistic economic and technical assumptions to avoid causing a sequester.

5 Actual spending has ended up closer to the pre-BCA baseline levels than to the BCA cap levels, and in the meantime, there’s been a lot of unnecessary shutdown drama.

6 Opportunities to Significantly Improve the Federal Budget Process: Hearing before the joint Select Committee on Budget and Appropriations Process Reform, 115th Cong. (April 17, 2018) (statement of Senator Michael Bennet).

7 Id. (statement of Senator Sheldon Whitehouse).


One problem is that the vote-a-rama is one way that the minority can get its voice heard. But you can solve that by guaranteeing that the Minority Leader gets a vote on a certain number of amendments. You can haggle over the number, but it’s got to be fewer than 50. After a certain number of amendments, the press stops paying attention anyway. Why torture yourself?

Fourth — I agree with the Convergence Center idea to facilitate a Budget Action Plan at the beginning of a new Congress. The election cycle is Congress’s real focus. Align the process to that reality. You could build in incentives in terms of the availability of a fast track and limited amendments, if and only if the Leadership brought the Plan before Congress on time, early in a Congress.

But I also completely agree with what Chair Lowey said, and I would not move to 2-year appropriation bills. Annual appropriations are one of the few things that gets the secretary of thus-and-such to return your calls. In the absence of annual appropriations pressure, your next best lever to get the secretary of thus-and-such to return your call is to hold up nominations to the secretary's department. But the nominations process has been bolloxed up enough in the last decade without increasing the incentive to hold up nominees even more.

Fifth — I agree with the Convergence Center idea to make the Chairs and Ranking Members of other Committees Members of the Budget Committees and for some of the same reasons that Senator Perdue expressed. The obvious problem with any proposal to change the Budget Committees’ Membership is that current Members of the Budget Committees, especially more senior ones with the potential to become Chair, view their current membership as a thing of value. You could solve this problem by creating a transition rule that allows current Members to stay on the Budget Committees and new Members to be selected from Chairs and Ranking Minority Members of other committees with spending jurisdiction as openings occur on the Budget Committee.

12 Bipartisanship in Budgeting: Hearing Before the Joint Select Committee on Budget and Appropriations Process Reform, 115th Cong. (May 9, 2018) (statement of Co-Chair Nita Lowey).
could allow the Chairs and Ranking Minority Members the right to join the Budget Committee, if they are not already Members, in the order that their Committee appears in paragraphs 2 and 3 of Senate Rule XXV. (Paragraph 2 lists the committees with the most spending jurisdiction.) If a Chair or Ranking Minority Member declined the opportunity, the next Chair or Ranking Minority Member on the list could join, and so on. So, as spots open up on the Budget Committees, give the other Chairs and Rankers a right of first refusal to join. Once enough do, it would become a place where deals get done.

Sixth — I agree with what Bill Hoagland said on May 9 and would eliminate the filibuster on the motion to proceed to appropriation bills in the Senate. One filibuster on an appropriation bill should be more than enough.

Those are my six suggestions. “Good luck and Godspeed” in your efforts.

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15 Bipartisanship in Budgeting: Hearing Before the Joint Select Committee on Budget and Appropriations Process Reform, 115th Cong. (May 9, 2018) (statement of G. William Hoagland, Senior Vice President, Bipartisan Policy Center).
Mr. WHITE. I hope I am doing this correctly. Distinguished co-chairs and members of the committee, thank you for the opportunity to share some analysis and ideas with you as you search for useful ways to reform the congressional budget process doing no harm along the way.

Many of the sources of complaint about current budgeting and budget resolutions in particular, such as failure to meet deadlines or complete parts of the procedure at all, are due mainly to the intense political conflict of our time. And new processes can’t fix that. But I think a bit of good can be done, and it is encouraging to see that there is some agreement among the participants on this panel, the careful statements by the committee leadership, and other efforts, such as the Convergence Project.

On one issue I didn’t address in my written testimony, I would just like to say that I agree with Mr. Capretta and Mr. Dauster and the Convergence Project that it is time to eliminate the ways that the debt ceiling encourages hostage-taking and brinksmanship full stop.

Any further reforms—or if you can do that one, that would be a huge one—but any reform that would be designed to accomplish some set of goals and sort of meet some standards, and these standards should not consist only of beliefs about effects on budget totals as the so much discussion seems to think.

So, I would like to emphasize four others. First, budget should serve representative government with democratic accountability. They should make it easier for citizens to see what the government is planning and promising and delivering, and they should be affected by elections.

Second, budget processes should help policymakers encourage efficient operation of government programs.

Third, Federal budget decisions have some effects on the national economy so the process should encourage debate and attempts to influence those effects. Most important, the basic task of budgeting is to relate preferences about details to preferences about totals. Normal budgeting proceeds in iterations. Totals in details are proposed. If there are mismatches, those are identified, and negotiations search for a combination that is acceptable.

The details, such as what is done for national security or who pays how much tax or what healthcare the government guarantees for what cost, are in aggregate at least as important as the economic effects of budget totals.

Top-down approaches that set totals without considering the effects on details, therefore, are fundamentally bad budgeting. So, by these standards, I would say there should be budget resolutions because resolutions provide a public statement of the economic policy based on the governing group’s beliefs about the effects of spending, revenues and their balance.

Resolutions also can trigger reconciliations, significant changes in government priorities. But these kinds of broad policies, broad priorities, or basic economic approach basically reflect elections.
They are unlikely to change between elections. And by that logic, resolutions should be biennial, functioning as the U.S. version of what OECD calls a medium-term budget framework. There is no need to do resolutions twice in a Congress.

The annual appropriations process, however, provides a review of agency plans that is useful both for encouraging efficiency and making agencies accountable to Congress and the public.

Agency activities involve details that can change from year to year, and there are good reasons why most organizations budget in this sense annually. So, I would like to see resolutions passed biennially but set 302a allocations for the appropriations for 2 years with the appropriations remaining annual. I think that fits the purposes of both processes.

Now, other witnesses have agreed with some of these recommendations. And there will be a lot more disagreement over my third point. You are receiving today and will surely receive more recommendations that the budget process be focused on estimated consequences for budget totals, even further in the future than the current 10-year terms of resolutions.

I tried to explain in my written testimony why that is not a great idea, but just a few points here. One, long-term discretionary spending targets fundamentally ignore details. That is why they eventually break down because you don’t really believe in the details that would fit those targets.

Two, procedures that claim to budget for the long run are just a subject of manipulation and gimmicks as any other procedures. As you must know from experience with evading the BCA, discretionary caps.

Three, the dominant factor in projected long-term spending increases is healthcare programs, but there is no good way to estimate that cost. I provide a chart as an example of that in my testimony.

In fact, focusing on long-term Medicare costs misses the point, that we have a national healthcare cost crisis now and not just in government programs.

Much more could be said about this topic, but perhaps we can engage about that in the discussion period. Thank you very much for the opportunity to testify.

[The prepared statement of Joseph White follows:]
Statement of Joseph White Before the
Joint Select Committee on Budget and Appropriations Process Reform
Hearing on
The Budget Resolution – Content, Timeliness, and Enforcement

May 24, 2018

Distinguished Committee Co-Chairs and Members of the Committee:

Thank you for inviting me to contribute to your deliberations by participating in today’s panel. Improving budget processes is difficult for many reasons.

Sometimes, as with the Congressional Budget Act of 1974, improvements on some dimensions nevertheless disappoint those who care more about other goals. Sometimes, as with Gramm-Rudman-Hollings, the new mechanisms only make both the results and experience of the budget process worse on virtually all dimensions. Therefore I urge you to beware of two kinds of errors.

The first error would be to lose sight of and do damage to some of the major purposes of budgeting because of fixation on others. Please consider goals fully and carefully. The second would be to misjudge how a process change would work in practice, which tends to happen due to biased or uninformed theories about how Congress or particular public policies work. Both risks are especially great for proposals to create some sort of binding targets for budget totals far in the future, an idea that has been promoted by the Committee for a Responsible Federal Budget and many other advocates. I have explained the many reasons those proposals would do more harm than good in a paper for the National Budgeting Roundtable project and a forthcoming article in the OECD Journal on Budgeting, and will briefly summarize the problems in this testimony.

At the same time, the fact that budgeting is HARD, and processes can be based on misunderstandings, also means that any process probably could be improved. I think that is especially true of the current schedule for budget resolutions. I will explain why biennial could be better than annual budget resolutions. But that is not true of appropriations. Resolutions and appropriations involve different purposes of budgeting that involve different preferences and different information. Annual appropriations should be based on two-year 302(a) allocations made in biennial budget resolutions.
Thus I have three recommendations: Do move to a biennial budget resolution and reconciliation process. Don’t change from an annual appropriations process. And please, please, do not imagine you can do “long-term budgeting.”

Goals for Budget Processes and Their Reform

Budgeting involves legislation, and any legislation is difficult in our Madisonian political system that is designed to increase conflict. Conflict is increased both by the separation of powers – House vs. Senate, Congress vs. President, and in some ways states and the national government – and the fact that this is a huge country divided into many contradictory interests. As Madison might say, there are two ways to significantly reduce conflict in the budget process. One would be to give people much more similar opinions – which he wisely dismissed as both impossible and undesirable. The second would be to cut some portion of the nation and its political institutions out of the decision-making process. Ideas to give Presidents much more power are an example of this approach, and I hope most members of Congress would agree they are no more desirable. As one Democratic legislator said long ago, “imagine Lyndon Johnson with an item veto.” No thanks. At the same time, please remember that the President is part of budgeting, and there is only so much that can be accomplished by changing only congressional procedure.

Intense conflict and difficulty resolving it are the major reasons for the timeliness issues that are one concern for this hearing. There can be less conflict if there is a lot of money available – though that didn’t help as much as it normally would in the late 1990s, due to intense partisan disagreements about what to do with the budget surpluses.

The basic conflict that you may try to manage better through budget process reform involves more, however, than the current partisan disagreements about what is good for the economy and what the government’s priorities should be. Over the past forty years, going back to the later years of the Carter Administration, it also has been related to beliefs about deficit totals. People who think of themselves as non-partisan centrists have continually made budgeting more difficult by promoting targets for totals that are, to put this gently, less obviously justified than their proponents believe.

I began studying federal budgeting when President Carter and many economists associated with the Democratic party were convinced a projected $15...
billion deficit for FY 1981 had some meaningful relationship to inflation. There was no normal economic theory to support that view, but this did not prevent major economists from promoting it, on the theory that "the markets" demanded a balanced budget (Aaron Wildavsky and I tell the story in our book about budgeting during the 1980s). In the late 1980s, such arguments were re-cast into the claim that budgeting must promise balance many years in the future, again because "the markets" demand it. In one extreme version of this view, in 2011 Ms. MacGuineas and the Committee for a Responsible Federal Budget claimed that adopting a $4 trillion dollar long-term deficit reduction package was just as important, economically, as avoiding immediate default on the federal debt due to failure to raise the debt ceiling. Many distinguished economists made similar arguments. The only excuse for such claims is as a political tactic to promote the CRFB's policy position; as a matter of simple logic, claiming that uncertain market effects in the future should be given the same weight as definite immediate effects is just wrong.

So I'd like to recommend that your views about the goals for budget totals be more reasonable than those promoted by some of your other witnesses. I do not mean to suggest current trends are advisable. A sound policy about totals would involve a stable ratio of debt to GDP, so as not to either commit a growing share of resources to interest payments or make it too difficult to engage in counter-cyclical fiscal policy when needed. The Organization for Economic Co-operation and Development (OECD), in its 2015 "Principles of Budgetary Governance" (https://www.oecd.org/gov/budgeting/Recommendation-of-the-Council-on-Budgetary-Governance.pdf), and the European Union in its Maastricht standards, promote prudent standards for budget totals that are less stringent and more practical than the "balanced budget" that your witnesses and many legislators may prefer. I have commented elsewhere on both the strengths and the weaknesses of the OECD recommendations (http://policy.case.edu/BudgetingPurposesGood.pdf), and while I disagree with some of its emphases anyone interested in budget process reform should review the document.

Views about process reform should begin with economically and politically plausible goals for budget totals, but should also acknowledge that totals — whether of spending, revenues, or their difference — are not the only important part of budgeting. The OECD's recommendation, as well as many textbooks about public budgeting, identify other goals that include, but are not limited to: encouraging democratic accountability, promoting efficiency in the delivery of individual programs, and enhancing national macroeconomic performance. In considering
budget process reforms, it should be useful to think about how the current process relates to each of these goals.

**Democratic Accountability:** Relatively few voters will pay much attention to the details of what governments do. Budget processes cannot make voters pay attention. But those voters who care should be able to see what agencies are planning to do and what they did, as best as possible.

Elections, also, should matter. That does not mean the new government has a mandate to do anything its leaders want. Many times, legislators and the president were chosen based on images on a few issues, or identity politics, and majorities of voters may object to some of the issue positions favored by the governing party. Nevertheless, elections by changing office-holders reflect some changes in the balance of preferences about more general concerns such as overall program priorities (e.g. defense vs. domestic spending), and economic policy (e.g. whether tax cuts for corporations would improve economic performance). As OECD argues, budget processes should allow those changes to be reflected in government decisions.

**Efficiency:** Efficiency is value for money. It is not the same as economy, which means simply limiting spending. If the benefits of a program exceed the costs, maybe we should do more of the program. But getting the most value for a program, relative to its costs, requires information about how much a program “really needs” and how it could do better.

The line between choosing policy goals and deciding how much an agency should receive to pursue agreed goals is easily blurred because allocating money shapes ability to achieve goals. Yet the core questions for authorizing and appropriating are different, as was explained to me long ago by a Republican ranking member of a House Appropriations subcommittee. He explained that appropriations were simpler because they involved three questions: “What is it?” “Why do you need it?” And, “If it is so important, how did you do without it last year?” Traditional appropriating is about relating inputs, what is requested and given, to outputs: what is promised and perhaps achieved. It is fundamentally skeptical both about claims that new inputs will produce better results, or that there are “harmless” ways to cut inputs. Budgeting should encourage similar analyses, with similar skepticism, about revenue law (such as the ratio of revenue foregone to social achievement from a tax expenditure) and entitlement law (such as how much Medicare should pay for certain services).
Macroeconomic Performance: All policy-makers believe that budget policies affect economic performance. Yet the economy may affect budget totals more than vice versa, and many views of budgetary effects on the economy are exaggerated. There is also great disagreement about the causes and effects. Keynesian economists believe that budgets influence aggregate demand, and should lean against the economic wind. From this view what matters most is the change in each year’s deficit or surplus. Economic contraction should be met by larger deficits or smaller surpluses; an overheating economy by smaller deficits or larger surpluses. Most Republican policy-makers at the moment, however, seem to care less about the difference between spending and revenues and more about limiting both: they think both lower spending and lower taxes are generally desirable, and will take whichever they can get. Some economists argue that the main economic purpose of the budget should be to increase national savings, or to meet whatever they claim “the markets” demand so as to increase “market confidence.”

These disagreements mean that budget rules designed to favor any particular theory could seem perverse according to the others. They also mean that the choices about economic approach are basically ideological or partisan. A good budget process, therefore, should be one that allows an explicit choice about which theory to follow – rather than one that biases the choice. The standard of democratic accountability suggests that it should be possible to change economic policies in response to an election, and that voters should be able to see what economic policy the congressional majority is following.

The Current Budget and Appropriations Processes: If majorities of the House and Senate can agree on a budget resolution, and majorities of both plus the president can agree on appropriations and reconciliation legislation, the current budget resolution, reconciliation, and appropriations processes are reasonably appropriate for these purposes.

The internal work of the appropriations process still provides detailed review of agency needs. The system is not perfect. Legislators, and presidents, sometimes are more interested in showing that they care about a goal than in whether a policy achieves it. Appropriations staff and even some members will describe programs as "turkeys" that they cannot cut because of that symbolic politics. But, on the whole, the traditional process develops information that can be used to better relate inputs to outputs. Appropriations bills, when political conditions allow passing individual
bills rather than formulaic continuing resolutions, improve government by incorporating that information.

Budget resolutions are designed as statements of economic policy – levels of spending, revenue, and their balance – and of broad policy priorities in the form of amounts for each budget function. They are debated in these terms and the statements are quite visible for anyone who wants to see. Ironically, the frequent failure to pass budget resolutions may happen precisely because they can help make legislators accountable: sometimes no majority wants to declare responsibility for any particular budget plan.

Both the distribution among functions in the budget resolution and the 302(b) allocations made by appropriations committees establish broad priorities. More importantly, the reconciliation process, as adapted for use first in 1980, provides a way to encourage, though not guarantee, action to change revenue or entitlement law. This was a significant advance over the previous process, which put all of the burden of adjusting budget details to change budget totals on the appropriations process.

How to make programs like Medicaid and Medicare more efficient is controversial in part because of ideological disagreement about how programs work. For example, conservatives tend to believe health care spending should be reduced with higher cost-sharing that gives enrollees more “skin in the game,” while liberals tend to believe such policies simply impose pain on those who are sickest. One cannot expect any budget process to settle such disagreements. Yet Congress has extensive sources of advice, both from CBO and from other agencies such as the Joint Committee on Taxation, MedPAC, and MACPAC. Reconciliation provides a process through which information can be turned into legislation, and even without reconciliation legislation about entitlements may still be enacted. For example, legislation affecting Medicare was enacted at least 17 times in the 19 years from 1997 through 2015, as described in the annual reports of the Medicare trustees.

It may be hard to remember, but for the first quarter century of the Congressional Budget Act, and in particular from 1980 through 1993, the budget process was used to inhibit legislation that would increase the deficit and to enact meaningful deficit reductions, especially the packages in 1982, 1990, and 1993. Since the turn of the millennium, the most significant applications of reconciliation have been to increase deficits, in the tax cuts of 2001 and 2017. Nevertheless, that simply reflected the beliefs of congressional majorities supported by the president,
and expecting procedures to prevent that kind of agreement is asking a lot. In short, the current rules allow visible public consideration of the key questions that budget processes should address, and do not in themselves prevent action. So why are there continual delays and process breakdowns?

The most obvious reason is current partisan polarization, both within Congress, and sometimes between Congress and the President, about which I hardly need to tell you. This committee is a rare attempt at collaboration across party lines, and I hope you can find some points of agreement. Agreement across those lines does happen sometimes, as with the repeal of No Child Left Behind. People can agree on the same policy for different reasons — as happened, in fact, with the Congressional Budget Act of 1974, and the Tax Reform Act of 1986.

Yet there have been periods of great strife and breakdown without the partisan polarization we have today. The 1974 Act followed what Allen Schick, in Congress and Money, called a “seven year budget war.” The basic problem is NOT that the “guardians” don’t have enough power vis a vis the “claimants.” That wouldn’t create process breakdowns. The problem is more fundamental.

The core challenge of budgeting is how to match social preferences about budget totals to preferences about budget details. Deficit hawks almost universally assume away this problem. They proclaim that totals — some goal for the deficit or even a surplus — are so important that how they are achieved is not so important. That just isn’t true.

It is perfectly reasonable to believe, for example, that the benefits for the economy from reducing the deficit by the total amount spent on the EPA do not justify abolishing the EPA. It is reasonable to believe that the increase in national security from spending an extra $50 billion on the military is worth the economic effects of higher deficits. It is reasonable to believe that slashing disability insurance would make ours a poorer and less fair nation regardless of the economic effects of deficit reduction. Beliefs about the evils of tax increases have their own logic. I am not saying I agree with particular positions. But you are elected to represent legitimate public preferences about budget details, not just budget totals. At any given time budget decisions involve myriad details, and those details have just as much or more effect on our country as the budget totals have.

Some people have inconsistent preferences: for example they want a balanced budget but not any tax and spending combination that will produce it. But even if
most legislators had consistent preferences, the Congress as a whole often would not.

You can see why by looking around. Historically, many on the left have wanted lower deficits, but to achieve them through higher taxes on the wealthy and lower military spending. On the right, many have wanted lower deficits through cutting programs for poor people or social insurance for everyone. Rural legislators might happily cut programs for cities; urban legislators might cut programs for the countryside. As Anthony Downs explained long ago, everybody can think of programs they would cut – and I’d add many can imagine taxes they might raise – in order to reduce the deficit. Therefore everybody can self-righteously assume that some level of deficit (macroeconomic considerations aside) is due to the bad behavior of other people who promote unnecessary spending.

The trouble is, only minorities normally support most spending cuts or revenue increases. So agreeing on how to reduce deficits is much harder than agreeing that they should be cut and are somebody else’s fault. Budget procedures under this circumstance can make it harder to dig the budget hole deeper – as PayGo procedures have, to some extent. But they cannot force agreement unless they somehow short-circuit representation on the details.

Recommendations for some sort of automatic procedures to attain long-term budget targets all involve either ignoring or misrepresenting the details. I will explain why below. But first I want to emphasize the implications of my analysis for what we might call normal budget procedures.

**Budgetary Purposes and Budget Schedules**

No budget process can force agreement. No budget process can enforce agreement on details that does not exist. Many of the complaints about budget "enforcement" involve situations in which the budget resolutions set targets without underlying agreement about how to achieve them. The classic example was the hard-won compromise on a budget resolution in 1983. It assumed that the Ways and Means and Finance committees would find a large amount of savings. But there was no agreement on how to do that; Chairman Dole described the reconciliation instructions as a dead cat left on his doorstep and ignored them.

In practice, reconciliation worked best when either committee leaders already had developed menus for possible deficit reduction or, in 1993 or for spending alone
in 1981, when the President provided a detailed proposal that added up to his total as a starting point from which Congress could work. Throughout the period of deficit panic that Aaron Wildavsky and I analyzed in our book, deficit-reduction targets were adjusted to fit plausible details, and details tried out to fit targets, in a process of iterative adjustment. That is how budgeting is supposed to work: a process in which totals and details are proposed, as in OMB guidance and agency submissions, and then consequences for both are assessed and a compromise developed on both dimensions. The budget resolution process was designed with this mutual adjustment in mind, as in the call for committee “Views and Estimates” early in the process. A good budget process creates time for this kind of back-and-forth and considers the values served by both details and totals.

Therefore you should expect the process to be complex and time-consuming. Responsible decision-making about both details and totals requires developing information about both and working out the right balance over a period of time. Yet three aspects of the budget schedule should be emphasized.

First, annual appropriations for discretionary programs serve the goals of accountability and efficiency. Some considerations, such as fuel costs for the military, are volatile enough that they cannot be projected far in advance. Agency leaders might prefer to only have to report how much money they think they need and what they did with the last installment every two years, but the congressional role in making agencies accountable fits better with annual review. The process of iteration within the presidential budget process and appropriations cycle does not require more time: the work of appropriations subcommittees can be completed by the beginning of the fiscal year. If the bills do not pass, changing the schedule won’t make passing them easier.

But there is less reason to expect significant changes in entitlement and revenue law every year. After the first burst of use from 1980-1984, serious reconciliation legislation has been rare, and not remotely annual. Major changes in both tax and entitlement law are more complex and controversial than the core decisions made for discretionary appropriations. I discussed the difference between budgeting for entitlements and what I call bureau programs, such as the FBI or NASA or EPA, in a chapter in the Handbook of Government Budgeting. Allocations to bureau programs do not immediately change the promises agencies make or how they relate to citizens; they are mediated through management decisions. Entitlement or revenue law changes directly affect services to or demands made on citizens. In general people rely on and want some stability in both kinds of law. In
short, the policies reconciliation has been used to address do not call for an annual cycle.

Moreover, the basic policy choices in practice are strongly related to partisan preferences. Again, in the past there have been examples of policies on which members of both parties agreed, as with creation of Medicare's prospective payment system for hospitals. But at present the main driver of change in both entitlements and taxes will be elections that change preferences in the House, Senate, or White House. And this is just as true of basic economic policy—the leaning towards higher or lower deficits, spending, or taxes.

These are (or should be) the decisions made by budget resolutions, and there is little reason they would change in the course of a Congress. If you would like to somewhat simplify the schedule, therefore, you should make the budget resolution, and reconciliation instructions, biennial. The situations in which a Congress will have different basic preferences in its second year than in its first will be quite rare. I assume members of the budget committees will fear this reform would reduce their influence. But those committees are not the primary assignments of any members, except perhaps their chairs. And, since it is so hard to pass budget resolutions, they would not be giving up much influence they already have. In general, rank-and-file members of Congress appear to see budget resolutions as dangerous votes, and so having to do it half as often should be attractive. Annual budget resolutions make legislative life more difficult in return for hardly any, if any, policy benefit.

Some may object that annual resolutions allow adjustment to changes in economic conditions. That is not a sufficient objection for three reasons. First, many members of Congress don't believe in annual adjustment of the budget to shape aggregate demand. Second, a progressive income tax and programs such as unemployment insurance, SNAP and Medicaid provide "automatic stabilizers" that adjust spending or revenues in a countercyclical way, though not enough to deal with really extreme circumstances such as in 2008. Third, under such extreme circumstances adjustments can be made without regard to the budget resolution process: in 2008, for example, TARP was not contemplated by the resolution passed that June.

The OECD suggests that new governments create "medium term budget frameworks" to orient decisions through the term of a government. That can be unrealistic for a four- or five-year term in some political systems. But the effective
term of a government in our separation of powers system with a powerful Congress is the two years of a Congress, and the budget resolution is very similar to the kind of framework OECD suggests.

The Dangers of Long-Term Budgeting

Whatever you do, I urge you not to recommend further moves down the road to long-term budgeting. Budget resolutions already probably ask too much when they purport to cover up to ten years. The idea that they should cover longer periods, with some sort of "enforcement" of totals built into their terms, is badly misguided.

As OECD argued in its ninth of ten principles, budget processes should include "publishing a report on long-term sustainability of the public finances, regularly enough to make an effective contribution to public and political discussion on this subject, with the presentation and consideration of its policy messages – both near-term and longer-term – in the budgetary context." The United States is a world leader in production of such reports, both for the major social insurance programs through the reports of the Medicare and Social Security trustees, and in frequent reports by CBO and GAO. This information is highly publicized and available to anyone who wants to use it. Opponents of spending or tax cut proposals frequently refer to the possible long-term disadvantages.

But many of the leading figures in debate about federal budget procedures call for far more. They say that instead of being judged by the prospective deficit in the next year, each year's federal budget decisions should be judged by estimates of the deficits or debt they would produce decades into the future.

In order to make policy in this way, its advocates call for both long-term targets and "enforcement mechanisms" that generally involve some sort of automatic – that is, already legislated – responses. For example, both Stuart Butler and Phil Joyce produced such proposals for the National Budgeting Roundtable. Alice Rivlin and Pete Domenici proposed something they confusingly termed "pay-as-you-go-rules" to limit automatic growth of Medicare, Medicaid, and Social Security. In 2008 a group including three former CBO Directors proposed thirty-year budget caps for the same programs, enforced by some sort of "automatic adjustments."
And in 2011 Congress enacted, and the President signed, the "Budget Control Act, which promised legislation to hit deficit-reduction totals over ten years but directly included both ten-year limits on discretionary spending and the "backup" sequester process that made these limits much stricter when the further legislation did not pass. Although the BCA limits do not look quite so far in the future, they reveal some of the basic pathologies of claims to budget for the long-term.

There are far too many patterns and issues to consider in this testimony, and far too much evidence to review. But I ask that you consider the following points.

1) Long- or medium-term caps on discretionary programs not only usually ignore consequences on the details; they are attempts to avoid democratic accountability by not specifying details. This makes them easier to pass, but when the time comes to make details fit the caps, the result is intense conflict that has often been resolved either with budgetary gimmickry – going all the way back to how Congress and the president dealt with Gramm-Rudman-Hollings – or, eventually, busting the caps, as Congress and President Trump did earlier this year. Appropriating with unrealistic targets makes passing legislation extremely difficult, and limits attention to how programs actually operate. Under unusually favorable circumstances, as with the 1990 and 1993 five-year targets at a time when the most obvious reason for military spending had diminished dramatically, caps may be mostly enforced. But 1990 is the exception that proves the rule: the caps were designed based on a sense among the major negotiators (especially OMB Director Darman and Senator Byrd) about what combination of totals and details would be realistic. Both Gramm-Rudman's sequester process and the BCA are examples of longer-term discretionary spending targets being dishonest, unrepresentative, and nowhere near as effective in limiting totals as their advocates hoped.

2) Long-term budgeting presumes it is possible to make credible long-term budget estimates. It is not. Such estimates depend on many factors that cannot be known, and are highly sensitive both to shorter-term developments (because long-term trends compound on short-term experience) and arbitrary assumptions. I discuss the history of forecasts for both Medicare and Social Security in my roundtable paper and forthcoming article, but one figure dramatically illustrated the instability of such estimates. This chart shows Medicare spending as a share of Gross Domestic Product for the year 2050, as projected in the Trustees' annual reports from 1992 through 2015.
I explain the reasons estimates changed in my work, but the key thing to remember is something former CBO Director Rudy Penner explained long ago. He said that if the purpose of long-term estimates is simply to call attention to long-term concerns, then "the huge inaccuracies do little harm." But one should be very cautious about assuming any budget forecast is good information because, as he added, "it has been shown that forecasts become rapidly less reliable as the forecast period is extended."

In short, budget estimates for the short-run may be flawed – but long-term budgeting involves leaps of faith that would be a very strange approach to financial management.

3) In many cases long-term estimates do not even serve the goal of limiting spending or deficits. One reason is that they do not eliminate budgetary gimmicks or games; they just change the gimmicks. The ten-year budget horizon created by budget resolutions and various enforcement rules has provided many examples. Single-year delays in the Alternative Minimum Tax or Sustainable Growth Rate formula would be "paid for" by promising savings in year eight, nine, or ten. Legislation to reduce constraint from the BCA has used this tactic again and again: the caps being suspended for two years but that being "paid for" by extending them out a further two years, or with other largely mythical long-term savings.
But a longer-term focus is particularly unwise for Medicare, and for the U.S. health care system overall. The U.S. health care system is in a cost crisis now; it is even more severe for private insurance than for Medicare, as is shown both by the fact that spending per enrollee over the last three decades has usually risen more slowly within Medicare, and the continual erosion of employer-sponsored insurance. Health care needs fixing for us now, not, "our grandchildren" decades in the future.

From a budgetary perspective, also, there are two reasons to deal with costs for the immediate future, rather than pretending to constrain them in later years. First, costs for some of us are incomes for a whole lot of others -- very smart people and firms with lots of resources that will work hard to bust any set of cost controls. Give them time, and they will find some way to weaken any system. So there is no such thing as legislation in 2020 that can credibly promise to work in 2040. Health care cost control, in every country, is a continual hard slog, year after year. Yet, second, whatever is done now may improve prospects for the future, by reducing the base on which later increases will grow. The chart's dramatic decline during the late 1990s in projected Medicare spending for 2050 was because a combination of legislation and an anti-fraud campaign equally dramatically reduced spending in 2000 far below what had been expected in 1992.

4) Directing attention to alleged long-term needs also does little to make budgetary conflict more manageable. The argument that, "we should cut the program now so it will be secure later" is not going to win over people who would prefer not to cut at all. Nor would arguments that taxes should be raised now so they do not have to be raised as much later. Why not wait and see if either is necessary later? In the case of social security there might be some legitimacy to the argument, if changes now built up the trust fund. Unfortunately budget hawks who claim there is a long-term emergency almost unanimously claim the Social Security trust funds are fake, so they cannot make the argument with any sincerity (though many make it anyway).

5) Sponsors of long-term targets may pretend not to make decisions about the budgetary details. They claim those can be decided later. But any "backup" or "enforcement" mechanism is a default set of details. Some sponsors of both Gramm-Rudman-Hollings and the BCA claimed that those laws' sequesters of discretionary spending weren't the intended result. They were supposed to be so bad that the rest of the political system would agree to cut entitlements and/or raise taxes instead. But what you are willing to put under a guillotine is a pretty good sign of your priorities, even before the blade is dropped. It never made sense to assume the sequesters would be avoided, and it makes no more sense to let sponsors
of long-term budget plans with totals and enforcement pretend that the enforcement is not supposed to occur.

In short, the case for longer-term budgeting is built on fallacy after fallacy: misjudgments about the importance of totals compared to details; about the information available to budget responsibly, relating means to ends; about any government's ability to specify effective health care cost controls for a period of decades; about the ability to "game" long-term targets; about the supposed difference between "backup enforcement" and "policies"; and most of all about the importance of short-term action for long-term results. People who are worried about limiting deficits should do a better job of focusing on the next few years' policies, not pretend to be able to make policy for decades in the future.

I see little evidence that the move towards even ten-year budget resolutions has done anything to encourage better control of budget deficits, make programs more efficient, or better represent public preferences. Any longer time frame will only make it harder to make honest and responsible budget decisions.

Conclusion:

Thank you for your interest in this testimony; I hope it has provided useful warnings and one useful proposal.
Co-Chair Womack. Thank you, Mr. White.
We appreciate the testimony of each of our witnesses here this morning.
I will begin the Q&A with a question for Ms. MacGuineas. Your testimony contains a lot of solid suggestions for Congress to more effectively address long-term debt. In the current budget process, we definitely have, at best, some tension, if not an outright conflict, between budgeting for the short term that leads to an annual appropriations process and then doing something that addresses the long term without it becoming just some fictitious goal in mind that really doesn't carry a lot of merit. Which, if any, of the elements in our current budget process, Ms. MacGuineas, would you keep?
Ms. MacGuineas. Well, that is an interesting question, so I think I would shift a lot of the focus on to thinking about the budget more comprehensively.
One of the things I don't want to do is sacrifice the long term just to focus on the short term or vice versa. And so, I think I would go to the very root of what budgets are for, which is for tradeoffs, and they admit that they have constraints, and I would hold yourselves responsible for looking at what the glide path for the current projections are on a regular basis.
Many times I have actually heard Members of the Congress say, you know, there is two-thirds of the budget that we can't even look at. And, of course, we can, it is not through the appropriations process, but you are responsible for overseeing the portion of mandatory spending and revenues. So, what I would do is I would add in a piece that requires reviews of that, and I would increase more transparency as you figure out how to do the really hard pieces of making changes so those have alignment, which they currently don't.
Co-Chair Womack. We have had a lot of discussion in previous hearings about carrots and sticks. What can we do to motivate, incentivize, coerce, shame Congress into actually doing something?
Ms. MacGuineas. So, I think there is a couple of things that you want to create the carrots and/or sticks for. One, of course, is getting a budget done. And the second is for improved fiscal outcomes.
On getting the budget done, I do find myself kind of liking the simple idea of you shouldn't leave, you shouldn't have a recess until the budget is completed. I know people want carrots, so I figured we can just make that a carrot instead of a stick, which you get recess when you've done the budget. We can just flip it.
But I do think in terms of the long term, there are lot of things you can do with the debt ceiling where you replace that with a different form of budget constraints, something that only comes into play when you are spending and revenue programs in the longer term are out of whack. So, you would not have to have debt targets, debt ceilings, other kinds of constraints, unless they are there to remind you that changes need to be made. And avoiding them, I assume, would be a carrot.
Co-Chair Womack. Mr. Capretta, some observers have noted the challenge of focusing on medium and long-term fiscal outlooks. At the same time, the unfunded liabilities of the Federal Government,
depending on who you ask, are at least in the tens of trillions, if not into the hundreds of trillions of dollars.

So, help me understand why in spite of the challenges, Congress should attempt to build in a longer term focus as part of the budget resolution and do so in a politically neutral way?

Mr. CAPRETTA. Well, it is quite true that projecting out Federal outcomes, 15, 20, 30, 40 years from now is very difficult to do, but there is little question that the population aging of this country, plus the commitments that have been made in programs relative to the revenue base has left the country with a very, very large gap.

And, you know, we can argue about degrees and how much, but it is going to be very, very significant. I would also note that many other countries have adopted some kind of a long-term focus because they understand this problem. Many countries, frankly, advanced economies have taken much more proactive steps than we have to try to get this under control in advance of it occurring because it is, for them, maybe accelerated some because of their demographic questions.

So, there is no question that we have a big unfunded liability problem. How are we going to deal with it? If we don't make some changes in the processes that are pushing the Congress to address it, and the President to address it, there is very little reason to do anything.

The Congress could drift on for another 10 or 15 years without anybody even realizing how big the problem is and, you know, until it is almost on top of us. And so, I think much more focus needs to be brought to Congress on how big it is and what needs to be done now to try to affect outcomes in 10 and 15 and 20 years.

You cannot change this problem with a small, you know, adjustment, and, you know, turn around and expect it to, you know, be implemented right away. You are going to have to do big things, and that means, you know, things that are going to take a long time to phase in.

Co-Chair WOMACK. I am about out of time. I was going to share some of my new Year's resolution with Mr. Dauster, but since I have broken all of them anyway, we will just save that for another day.

Mr. DAUSTER. I broke mine as well.

Co-Chair WOMACK. I do like the comparison, though, to our business and breaking New Year's resolution.

Mr. DAUSTER. Thank you, sir.

Co-Chair WOMACK. Mrs. Lowey.

Co-Chair LOWEY. For whoever cares to respond regarding budget resolutions. In the past, the budget resolution has been a powerful tool for creating, implementing, and enforcing budget plans, but that only works if there really is actual agreement on a plan. And recently, budget resolutions seem to be becoming more vague with little real purpose other than to launch reconciliation bills and sometimes attempt to show declining deficits on paper.

Would any of you like to comment on how budget resolutions can be made more real again?

Mr. DAUSTER. Well, I will start by saying that I do with the Convergence Center idea that it makes sense to set those overall ap-
appropriations levels early on in a Congress. And I try to encourage that to happen by making it sort of a disappearing fast track. You get the fast track if you can do that at the beginning of the Congress where it is useful to the appropriators, but you lose that, say, in April or May of the first year. If you don't do it by then, you don't get the fast track reward that you would have otherwise.

Mr. Capretta. I would also just suggest that the recommendation I made in my testimony that said that you should tie the statutory caps on discretionary spending, on appropriated spending to the levels that go—that are in a budget resolution and send legislation to the President for signature or veto on those caps, it would make the budget resolution the vehicle by which the annual appropriation caps are set for both the Congress and the President. That would be a real legislative item, and it wouldn't be fictitious.

If it was signed, you know, that would be, everybody would be signing on, you know, subject to loopholes and trying to get around it through some practices that need to be stopped. But, you know, caps on discretionary spending have generally, not always, but generally worked over the last 25 years.

And if you put them into the budget resolution, the budget resolution becomes more real for both the Congress and the President.

Ms. MacGuineas. I would point out that reconciliation is an incredibly powerful tool. And I think that it should be changed back to the original intent so reconciliation can be used for things that improve the deficit situation, not used in other ways. And I also think that budgets should be pushed back to where they are taken seriously, and they are meant to be serious, and not just political documents where the numbers don't add up.

And ways to consider doing that is that if you have savings in your budget, you need to put them into reconciliations. You need to direct for them to have reconciliation to move those savings along so that they aren't just put there on paper and never used. And ending the amount of gimmicks that we have on these budgets, so there are heroic assumptions. There are timing changes. There are all sorts of spending that is assumed to bypass the caps, but plugging up those gimmicks would be one important tool in showing that budgets need to be taken seriously. And they are at the point now where they aren't at all.

Mr. White. If I may, just a few points. One is that the original purpose of the reconciliation process in the original budget resolution was not simply to reduce deficits. There was disagreement about that. I am not saying that, at this point, given the current situation, I wouldn't support that, but sometimes, for example, you want an expansive fiscal policy, or you might want an expansive fiscal policy. And one of the original ideas was that reconciliation could be used for that. So we shouldn't talk about original intent here.

I also think, I think the most ridiculous thing that is being done with reconciliations right now is the use of these $1 billion reconciliation instructions, which are ways to basically get around the Senate filibuster without actually having any fiscal policy or any policy involved. And so, if there is a way to ban these $1 billion reconciliations, I think that would be a good idea.
The other thing I would like to emphasize is that it sounds nice to say that there should be agreement between—that the President should sign off on the budget resolution, but the budget resolution process was originally created in part because, you know, President Nixon and the Congress at the time did not agree on basic fiscal policy.

And I have a hard time imagining what the budget resolution produced by Speaker Ryan would have been that President Obama would have signed. And so, I think it probably is better to view the budget resolution as something for Congress. Getting the House and Senate to agree is tough enough.

Co-Chair Lowey. I misunderstood. I thought, in your last response, you were suggesting that the President get involved. I guess I misunderstood. I can’t imagine bringing the President into the budget process now. We have enough trouble when we finish our work, but that is not here nor there. Did I misunderstand you? It seems your first—

Mr. White. No, no, no. I think it is very optimistic to recommend, as the Convergence project does and as other people have, that the budget resolution be some sort of joint resolution that the President signs. I think that is going to be very, very tough.

Co-Chair Lowey. Oh, we agree that it would be very, very, very, very tough.

Mr. White. It would be great if you could get agreement, but I am not sure you can have a process that forces that.

Co-Chair Lowey. Okay. I just wanted to be sure that I didn’t misunderstand.

Mr. White. Sorry.

Co-Chair Lowey. Thank you very much.

Co-Chair Womack. Representative Arrington.

Representative Arrington. Thank you, Mr. Chairman.

I must say, I find this panel, so far, the most helpful and most practical and most specific in getting at what I hope we can all agree to with specific strategies for a more timely, orderly process. And if we can be aspirational, I would like to get at some ways to improve getting to better outcomes, not necessarily—in a policy-neutral way.

I think, let me start with the reconciliation process because it has come up. You say we shouldn’t use the reconciliation for these $1 billion—and I agree, actually. I mean, I voted for the tax reform because I think we have got to grow the economy. And I think that is part of it. And I think we are going to more than cover the cost there, but, regardless, I don’t think that that is necessarily the intent or a good pattern to enter into.

Why don’t we use reconciliation for its intended purpose? And I will open that up to any of you. Why don’t we use that for its intended purpose more often given that we are $21 trillion and counting?

Mr. Dauster. I think of the reconciliation bill from the Senate standpoint. And from a Senate perspective, reconciliation is a way to get a majority vote on something when the normal rule in the Senate is that you need 60 votes to go to the bathroom. So, it could be, it could be used for a lot more things than it is.
But in the end, it ends, as you have said in earlier committee hearings, it often relies on the political will if it isn’t there to put together the costly difficult things that you would have to put in the reconciliation.

Representative ARRINGTON. So, if that is the way to get at the 70 percent of the spend that we know is one part of the equation here to reduce deficit spending and debt and if we know that there are some really big programs within the mandatory side, why don’t we use that reconciliation more often, Ms. MacGuineas?

Ms. MACGUINEAS. Well, I think the problem is that what happens is to use that reconciliation usually means it is going to be one party that uses it, just by passing the 60 in the Senate. And for big fiscal improvements, you are going to need both parties to buy in. There is no way that we are going to get real deals, real progress, real improvements with one party owning all the hard choices.

Representative ARRINGTON. We couldn’t even get the Republican Party on a simple majority to agree to $204 billion reduction using reconciliation during the tax reform. I don’t know how in the world we are going to—we have people in my party that won’t even mention the word Social Security or Medicare when it comes to reconciliation.

I mean, there are all kinds of ways to say it to avoid people thinking you are trying to take their Social Security; you know, making it more sustainable for my generation and all that. But I mean, isn’t it always going to come back to, will we have the guts to actually take on some things that we know are going to send us into oblivion, into the debt crisis that will wreak havoc on generations to come, blah, blah, blah? I mean, please.

Mr. CAPRETTA. If I could just say one thing about reconciliation, which I think has been lost over the years, which is that it was quite true that it is used mainly to get a majority vote in the Senate these days. But in the eighties, because there was split government between—you had a Republican President and a Republican Senate and a Democratic House, it had to be bipartisan, and the theory of the Reagan Administration, why they pushed for reconciliation to be used frequently during that period, was you ended up with one vote where there was some positive thing a Member might be able to say about it as opposed to all the individual items. You could claim: Hey, if we pass this bill, it will reduce the deficit by $300 billion, $400 billion.

And that was the impetus to try to put it all together into one package and say Congress was taking a very important step to reduce the deficit.

You are never going to get deficit reduction of that magnitude if you try to pass a lot of little individual bills. They all get mired down in political controversy, and every committee wants to be budget-neutral. So that is really the main purpose of reconciliation.

Representative ARRINGTON. Each of you have mentioned the debt targets. I am all for that. I think it is policy-neutral, Mr. Chairman, as to how you get at the outcome. But I think having a glide path to something more responsible, how do we put teeth into that to make sure that whatever the strategy, we walk it back to a responsible level? And I yield back.
Co-Chair WOMACK. Senator Whitehouse.

Senator WHITEHOUSE. Thank you, Chairman. I was struck by Chairman Womack’s opening statement regarding the disinterest that we all see in the budget resolution. And I think one of the reasons for that is that the question, the budget resolution to what end, hasn’t been answered.

If the purpose is to create a reconciliation bill that is not even relevant to the fiscal task of the Budget Committee, which it has become recently—and it is hard to get too excited about that unless you are the proponent of the measure that is being driven through the reconciliation process—if you are doing budget resolution without a strategy or a timeline or a goal, it is hard to get excited about that as well. And I appreciate very much Mr. Capretta’s focus on a target and getting there over time, because I think that is an important part of any serious budget fiscal process.

It is also hard to get excited about a budget resolution where you don’t even get the arithmetic right and add the elements that add to the deficit and the debt, which are revenue, appropriated spending, health spending, and tax spending. And if we are not looking at all of them, we are not even getting the arithmetic right.

And, finally, if the budget resolution doesn’t help the appropriators get their 302s and it doesn’t help solve the debt limit problem, again, it is hard to get too excited about it.

So, I think that gives us an array of tasks that can make the budget process meaningful again. And I want to particularly focus in my questioning on the debt ceiling because I think you have all been really excellent on that subject.

As Bill Dauster was kind enough to point out, I view this as a zero-upside bear trap in the bedroom. Worst-case scenario, you step in the damn thing, and bam, now you have got a hell of a problem on your hands. Best-case scenario, you avoid it, and nothing good has been accomplished. That is not a really good equation.

Bill, you have looked at this for some time. You have a lot of experience in the Senate. Can you think of one good thing in your experience that was accomplished in the Senate by virtue of the debt ceiling? Some people say it is an opportunity to, like, give the minority a chance to hold the majority’s feet to the fire, demand something. Has that actually ever happened?

Mr. DAUSTER. I am not going to be able to find that example. And, in fact, I think that you are right about, and many of you have expressed the concern with the debt ceiling. We carry around in our pockets little pieces of paper like this that are basically just promises based on the promise that the government is going to do what it says it is going to do in the budget process.

Senator WHITEHOUSE. Let the record reflect he is showing a dollar bill.

Mr. DAUSTER. It could have been, though, a Treasury bill, a Treasury bond. If we have pieces of paper like that, we sell them for real money, real things of value in the world. But if we mess up the debt limit, then we have to pay people more in order to borrow from them by giving them little pieces of paper.

So, whenever we do debt limit crises, we put in danger the whole system that relies on little pieces of paper like this.
Senator WHITEHOUSE. Let me ask you if you could get back to me in a response to a question for the record because I don't think we have the time to really drill into this now. But as I think my House colleagues will be first to recognize, the Senate is a peculiar place, and——

Mr. DAUSTER. We will stipulate——

Senator WHITEHOUSE. And I think your idea about using the budget process to, quote, "automatically change the debt limit," I think makes a lot of sense. But I think it would be helpful to us if you brought your experience in the Senate, with its procedures and with its parliamentary rules and so forth, to drill down through that automatically changed concept and see what kind of language you might, perhaps, even run by the Parliamentarian, and see how we would actually do that.

I think that is a really good concept. And I think one of the things that makes the budget resolution relevant again is if it does move the debt limit so you don't have that bear trap waiting out there for you.

But as you know, the Senate is a peculiar place, and if you could drill through to that, that would be, I think, very valuable for all of us.

Mr. DAUSTER. I am happy to do so, sir.

Senator WHITEHOUSE. And to go back to Mr. Capretta's statement. You talked about setting a target for debt and deficit reduction over time. My observation has been that the current budget process, at least in the Senate, doesn't do that. There is no point in that process. We are asked to set what the target is. And I think every witness so far has agreed that the target is a debt-to-GDP ratio. Whatever the number is, that is the metric for it. And we are not asked that in the budget process at any point. And given that we are looking at $21 trillion, as Congressman Arrington said, we are not going to do that overnight. So there has to be a glide slope to get there, and presumably, there also has to be warning bells to let us know when we are off course.

Is that the general concept that you had in mind about a target and over time?

Mr. CAPRETTA. It is generally. I would support that as a way of doing the business. I would also look at, potentially, present value calculation. That would be another way of bringing it down to one number that the public might be able to understand. Just have CBO——

Senator WHITEHOUSE. Or you do both.

Mr. CAPRETTA. You could do both.

Senator WHITEHOUSE. So, you can't game it so much.

Mr. CAPRETTA. Yeah. That is——

Senator WHITEHOUSE. Does everybody agree that debt-to-GDP is the metric that we should be looking at in terms of——

Mr. DAUSTER. I would quibble on two grounds, if you will forgive me. One is——

Senator WHITEHOUSE. I am out of time, so keep it brief, Bill. I yield back.

Mr. DAUSTER. You should be looking at the rate of change, not just the stock. So, deficits are just as important. Where you are going is important. And why you are going is important. If you had
a high debt-to-GDP ratio and you are fighting Hitler, that is okay. But if you are not doing something important, then it is not.

Senator Whitehouse. Got it.

Co-Chair Womack. Mr. Sessions, Texas.

Representative Sessions. Thank you. I want to ask a different question. 2011, 2012, 2013, 2014, 2015, 2016, we went through in this body and in the Senate, a process that essentially was CRs and essentially held discretionary spending flat. It produced a flat budget. It held government to making decisions, in my opinion, based on priorities. It refocused administration agencies, and it made them dig deep, in my opinion.

It also caused, on the other side, some indecision about infrastructure decisions that we would make and deferred lots of decisions. So, some, I think, was good. Some, I think was deferred. What do you think?

Ms. MacGuineas?

Ms. MacGuineas. So, I thought the purpose of the spending caps would have been, would have been most effective if what it had done was pushed lawmakers to replace them with more thoughtful targeted changes to the budget that would have improved the fiscal situation. I thought the caps were the easiest thing to do because you don't have to specify what the savings are, and so it sounds like you are doing a lot of work, but you are not picking the policies. There were some savings that were smart. There were some savings that were excessive.

Now that we have gotten rid of the caps, and what we should have done is when we busted through those caps, replaced them with savings elsewhere, we no longer have that spending constraint. But we also have the problem where discretionary spending, which really hadn't been the driving problem in the budget before is about to be a big significant problem again.

So, I would pick reasonable spending caps along with pay-as-you go rules. Reasonable meaning they are built from policies that you can stick to and you plan to stick to. But this time I would include the full part of the budget, not the part of the budget which at the time was the least, the least of the drivers of the debt.

Representative Sessions. A hungry person will gorge themselves. A person that eats consistently may be able to offer some bit of disciplined in their eating and sleeping.

Ms. MacGuineas. That is right. You want budgeting constraint that is realistic. We want budgets that are realistic, and we want enforcement mechanisms that are realistic. And once we have things that are on paper add up to huge aggressive claims that we are never going to get, the whole process becomes impossible to stick by, and then there is no credibility to it.

Representative Sessions. Mr. Capretta.

Mr. Capretta. I think that the discretionary caps were useful for trying to drive a lot of productivity improvement in certain ways. I think they became counterproductive to some degree with respect to the defense budget. I think that there is pretty clear evidence that, you know, if you just look at defense over the nineties and to where we are today, given the security questions going on, it seems like it is not going to work to have the levels that were there previously. And so, something was going to have to give. And when
you gave on that, you ended up giving on the other side as well. So that, I think, was the basic equation.

Discretionary spending isn’t necessarily the fundamental problem. There is lots of waste in it. It is very hard to target the waste. I think one idea that should be given more consideration is delegating to the agencies that are running these programs some more incentives to drive productivity improvements in their agencies so that they make the decisions to cut spending so that they can then spend the savings on bigger investments that they can find.

So, you know, new models of running the agencies is probably a better answer than just blunt across-the-board cutting.

Representative SESSIONS. I am not trying to give the answer for you, but I was out in Hawaii several years ago and met General Brown, United States Army, who spent a good bit of time trying to convince us that sequester was a difficult issue for the military. And I took 1 minute to suggest to him that I thought that the levels were fine, and we needed to give it to them October the 1st instead of March the 20th. And he got his head around that.

So, I am not saying the answer I expected from you, but I think timeliness is the most important aspect to run the government.

Sir?

Mr. DAUSTER. I agree with a lot of what you just said and what the other witnesses have said. Make it early so that the appropriators can react to it and the government can react to. Make it rational and achievable, or else people will blow through it. But setting a cap is one of the best ways to get the agency to focus on achieving at savings.

Representative SESSIONS. I think, no matter what the level is, timeframe of efficiency, of giving the government time to effectively take whatever they are is important knowing we probably won’t go back, but they have got—meaning how much money, we probably won’t take back a lot of money, but giving them time to effectively do it.

Sir?

Mr. WHITE. If I may, there is a lot that could be said here, but I just want to emphasize that we should not assume that there is a lot of productivity that can be pulled out of our programs. It is not clear to me, for example, that the effect on the Social Security Administration of the kind of budget constraints it has faced is something that could have been solved by greater productivity.

So, I think we have to be very careful about making these assumptions in any part of the budget.

Representative SESSIONS. Well, I think you could just look to the VA. That would be exhibit A, to me, with the size. Thank you very much.

Thank you, Mr. Chairman.

Co-Chair WOMACK. Mr. Yarmuth of Kentucky.

Representative YARMUTH. Thank you very much, Mr. Chairman.

Thanks to all the witnesses. I have found the discussions very interesting, as all our discussions have been interesting.

I want to focus a little bit on the issue of long-term budgeting. It seems to me that three of the four witnesses have said we should be doing that, and Mr. White takes a contrary position. I remember several years ago when Tim Geithner was the Secretary of the
Treasury, and he came before the committee. And Paul Ryan was then chairman and had all of these 40-, 50-year projections of expenses and so forth and increasing the deficits.

And I asked Secretary Geithner, you know, how realistic do you think 40- and 50-year projections in a world that is changing as rapidly as this one is?

And he said: I don't think projections outside of 5 years are worth anything.

So, would you elaborate, Mr. White, on what your opinion is on the perils of longer term budgeting, and what you think may be a realistic timeframe that is viable and meaningful?

Mr. White. Sure. It varies somewhat with the program. And you can do a better long-term focus for a pension program than you can for a healthcare program.

Healthcare cost control is simply a year to year problem because the entitlement to healthcare is not simply to the beneficiaries. The reason our care is so expensive is we pay so much for everything we get.

In other words, the providers are getting much more money here than in any other country, or the overhead expenses are much more than in any other country.

And these are powerful important people who, if you try to reduce their incomes, they will fight you. And you cannot budget in the long run to control the costs that the medical community will generate because there are just no policies that will do that. So, healthcare cost control is a short-term problem. And it is problem for the whole country, not just for the government. And we really need to do much better on that.

And that is the most important thing we could do for the long run of the Federal budget. If we got our healthcare costs down to something resembling the most expensive other country in the world, our long-term forecast would look a lot better.

So, one, some programs are different from other programs. Social Security is different from Medicare and Medicaid. Beyond that, I think anything more than 2 years is probably a bad idea for discretionary spending because there is no—first of all, there is no good way to do the baseline. What is the baseline from which you start?

The CBO baseline is usually, well, increased with inflation, but for some programs, that may be too much, but for a lot, it is too little. The population grows. You are serving more people. And so, I don't think there is any really good way to do long term.

And I think that the most important thing you could do about the long term is get better control of the American healthcare system now.

Representative Yarmuth. You also, in your written testimony, talk about the point that budgeting should be more about just aggregate totals of spending and revenue, that it has to be more about the policies that are reflected. And I totally agree with that. The American people deserve to know what policies will underlie the allocations that we are making.

And I remember so well, Mick Mulvaney coming before the committee earlier this year. And he said: I could have come up with a balanced budget, but we would have been making stuff up. We would have been basically fabricating policy.
And in prior Congresses, they have done the same. You arrive at a number, and then you say: Well, details are to be determined. What kind of details in terms of policies in the budget resolution do you think are appropriate?
Mr. White. Well, I think that this obviously raises the question of which committees are going to make decisions about details. I think in the past when reconciliation has been used to reduce the deficit, which hasn’t happened for a while, but when it did, what actually happened is that the leaders of the committee, such as Senator Dole in particular, told the leadership of the Budget Committee and so on: Hey, I think we can do this much. We have ideas about how we will do this much.
I think it is in practice that there should be consultation with the leaders of the authorizing committees about: What do you think you can do this year? How much can you do? No, we need more.
And, again, it is iterative.
I don’t think the budget resolution should specify the policy details. I think that the budget resolution, however, should be based on careful consultation about what details might work, about what totals might work.
Finance Committee, what can you do here? Ways and means, what can you do here?
And the budget process can push, the Budget Committee can push, and say: Hey, how about some of this?
But that is all before the resolutions are adopted.
Representative Yarmuth. Thank you.
I yield back.
Co-Chair Womack. Senator Ernst.
Senator Ernst. Thank you, Mr. Chair.
And thank you to our witnesses today. It has really—I agree with Congressman Arrington—this has been a very, very helpful discussion and debate this morning.
I would like to start just by going back to having the budget as a joint resolution signed into law. And I know, Mr. White, you have expressed great concern there. It would be very difficult. But if the panel could go back and maybe, from your perspective, why would a—because a lot of our witnesses have brought this up in other meetings as well.
But from your perspective, what would be a positive to having a joint resolution signed into law, and what might be the negatives of that same proposal?
Jim, if you would like to start?
Mr. Capretta. Yes. Back to the recommendation I made in my testimony. First of all, the recommendation I made was just to make the budget resolution the vehicle for spinning off a piece of legislation that would go to the President, that would amend the caps on discretionary spending.
Mr. Capretta. So, it wouldn’t be covering everything that would be going on in the budget resolution. I actually in the past have favored that. That may be a step too far for this committee to take, so let’s just focus on the recommendation I had in my testimony today.
If you put into the budget resolution the option that, at the end of it, if it was approved by Congress, a separate bill would go to
the President, and he could sign or veto it, and it would change the
caps on discretionary spending, this would get around the problem
of a fake budget resolution, because the resolution would be setting
caps that everybody would have to live with.

And these would be the real caps. They wouldn't be the fake caps
with $40 billion in reductions that nobody planned to actually enact.

So that is one very big positive, I think, that this would become
a real vehicle for really setting the caps, and it would be the caps
that the President would also have to live with. He wouldn't be
signing on to anything else.

Now, some people have said, well, why do we want to bring the
President into the budget. The President is in the budget process.
The President, at the end of the day, is going to be in agreement
or in disagreement around the total amount of discretionary spend-
ing. They will weigh in on that one way or another before the proc-
cess is out. If you can get agreement on that earlier in the year, you
are better off than later.

Now, I am not guaranteeing this would lead to agreement right
away. This could mean protracted negotiations like everything else.
It could go on for months. But it would become a vehicle for trying
to get that debate going.

And by the way, if the President vetoed it, Congress would just
go on like it already does. So, you wouldn't really lose anything by
doing this.

Senator Ernst. Yes, Joe.

Mr. White. If I may, Senator, but that raises the question: What
is the period of the caps?

If the period of the caps is, say, 5 years, then next time it is time
for a budget resolution, hey, we already have some caps. We don't
need to enact a resolution to have caps because we already have
caps.

So, there might be an argument for, if you go to a biennial budg-
et resolution, for having 2-year caps, and I think that would be re-
sponsible in terms of relating totals to details. But if the caps are
for longer than that, then the argument that it is an incentive to
pass a budget resolution no longer becomes true.

Senator Ernst. Maya.

Ms. MacGuineas. So, I think it is a perfect example of how there
are pros and cons in all of these policies, instead of that it is just
one simple answer. And I think Doug Holtz-Eakin testified before
in a way that made it really clear and helpful.

The benefit of is right now the budget doesn't have the force of
law. It would be desirable if it did, it would be more meaningful,
and it would strengthen the budget in guiding the entire process.

The problem is how you feel about giving the President more
power than he already has, because Congress should be able to
take some of its power.

And then I think the real issue is, where do you want those hard
choices to come. Should they come at the beginning of the process,
which they probably should, which is why I would, if I had to
choose, go for a joint budget resolution, but it could make getting
the process started much easier.
And you want to have a backup plan so that if you can’t come to agreement, you can still have revenue and spending levels that you can move forward with.

Senator Ernst. Very good. I appreciate that.

I have got less than a minute left, but I want to quick ask you, Ms. MacGuineas about, you mentioned mandatory versus the discretionary spending and greater transparency, having a look at mandatory spending at some point during that budgetary cycle. How would you envision that?

Ms. MacGuineas. Yeah. Well, I absolutely think that you do need to budget in the longer term, you need to make projections and look at things in the longer term if you are going to make commitments for the longer term, which we do in programs like Social Security and Medicare. And there are a lot of important things that we need to be predicting going forward over the longer term, like things that are driven by demographics.

So, the first key is absolutely increased transparency. We have very good work on this from the trustees of Social Security and Medicare, but having other ways that we really put forth the projections that these plans are on.

Then the next step would be coming up with actual—if your programs are out of alignment, if we are making promises that we aren’t able to keep, which we are doing right now, there would be some action-forcing mechanism where you would start to grapple with those.

It would, as we have said throughout this hearing, be policy-neutral. It has nothing do with how you would fix these programs. It would be that we should no longer be able to abdicate the responsibility to look at programs where we are making promises without a plan for how to pay for them, and making changes to them sooner rather than later would beneficial.

Senator Ernst. Thank you.

I apologize, Chair. I yield back.

Co-Chair WOMACK. Ms. Roybal-Allard.

Representative ROYBAL-ALLARD. Thanks, Mr. Chairman.

I want to ask a little bit different kind of question to see whether or not this fits into the equation as to what we are trying to do.

You know, it is been mentioned that the congressional budgeting math doesn’t match up with reality, that we should be looking at projecting outcomes further out to see what the impact is of our decisions, immediate decisions are, and how it impacts us in the future.

And it was also mentioned that we had better get better control of our healthcare system, because that is something that is also contributing to our deficits now and in the future.

The thing I am asking about is how we score things, for example, in terms of healthcare, the fact that we cannot score certain policies. And I will use healthcare as an example.

For example, prevention, when the information we get says that if we invest in prevention, for every dollar that is saved, we eventually will save $12, sometimes $24. I don’t remember the exact number. And so, because it is not scorable, at least that is what we are told all the time, we do more treatment policy rather than prevention policy.
And so, I guess my question is, in terms of scoring, is there anything that you think could be done in terms of scoring so that the savings that we could realize, if we were able to invest more in prevention, would become a reality?

Because right now every time we want to invest in prevention, we are told: No, we can't do this because it can't be scored and it breaks the budget caps or it goes beyond whatever restraints that we have.

So, my question is about the scoring, if something can be done to include long-term savings.

Mr. White. If I may, there are two issues here.

One is the boundaries between discretionary and mandatory spending. So, if you increase discretionary spending this year, the question is, that runs up against the caps in discretionary spending. And yet, it is budgetarily sort of silly to let the caps stop you from doing that if it, in fact, will save you money on Medicare and Medicaid and so on down the road.

And that would require some sort of changes in the rules so that mandatory savings, as scored by CBO, would be allowed as offsets against discretionary spending. You could do that by the rules within the caps.

But there is a second issue, which is whether prevention actually saves money. And most of the time, CBO does not score prevention as saving money because most of the time it actually doesn't. The advocates will say it will, but finding data that actually supports that for most prevention measures turns out to be very difficult.

And this goes back to Louise Russell’s book 30 years ago on: Is prevention cheaper than cure? And prevention may, in fact, help, you may get healthier people from it, but most of the time CBO won't score it because they don't have the evidence to score it.

So, there are those two different issues.

Representative Roybal-Allard. Ms. MacGuineas, in your testimony you say that Social Security deserves a place in the budget process. And as you know, any time we mention doing anything with Social Security it raises a lot of red flags for a lot of different reasons.

So, can you please elaborate a little bit on how you think Social Security should fit into the budget process? And how could we avoid some of the pitfalls that so many see whenever we even talk about Social Security in any way?

Ms. MacGuineas. Yeah. Let me first agree and empathize that having a discussion, a national discussion about Social Security, is incredibly difficult because it becomes demagogued immediately, and you quickly move away from what the actuaries tell us to sort of threats of people trying to harm seniors or do this and that.

That is about a national discussion. We are not having very good national discussions on a lot of things right now, and we need to change that tone and that tenor and the way that we talk about things. And that is why I do believe things like the trustees of Social Security, CBO, impartial arbiters, are really critical in all of these discussions.

The reason I think Social Security needs to be a part of the budget, and, again, policy-neutral, we can fix Social Security all by revenue increases. We can fix it all by spending reductions. We can
do it with a combination. It is not about how you fix it. It is that we have made promises that we are unable to pay right now. So, we do want to think about that.

But it is also the point that budgets are about resources and how we are going to allocate them. And it is really important that, at some step, and that step should be the budget, we look at all of our resources in total, how they are allocated in the budget pie, and ask ourselves the question: Does that reflect our national priorities?

And in most cases, I am sure it probably will, and that is a good thing. But we should not take pieces, big pieces of the budget off and say we are not going to look at them, because budgets can't look at the whole picture unless you understand all our tax dollars, where they are going, what the tradeoffs are.

Everything with Social Security is controversial, but this shouldn't be. This is just a basic principle of how one should budget. And, again, it has nothing to do with outcomes. But we should fix the program. It has nothing to do with directing how we should.

Representative ROYBAL-ALLARD. Okay. Thank you.

Co-Chair WOMACK. Mr. Woodall.

Representative WOODALL. Thank you, Mr. Chairman.

I agree with Ms. MacGuineas, everything with Social Security is controversial. But I suspect, now that more than half of the Congress got here when I did in 2011, or more recently, not a one of us has been asked a question about the 1983 Social Security amendments. Not a one of us has been grilled over the increase in payroll taxes. Not a one of us has been grilled about the reduction in benefits.

To Mr. Capretta's point, we did something that was going to take place 30 years later. We phased it in over a large period of time. And we all knew that, born in 1970, I am not going to get my Social Security benefits until 67 instead of 65.

And I am vexed about how, to Mr. Dauster's point, how we get folks to focus that far out on the horizon. But I know it would require a reconstitution of the budget committee process. So many State legislatures, the budget committee, the appropriations committee, same committee. And so, I understand some of the recommendations for getting the President involved.

Today it actually is pretty clear to me that we are performing three separate functions. I am doing aspirational goals in a budget to tell my bosses back home what I would do if only I were king for a day, which I am not.

Then I do an authorization process to say: Just so you know, we can all work together, and these are all the things we would do for you if we had the money to do it, which we don't.

And then I come along once a year and say: This is actually what I am going to fund, but don't forget about the really good authorizations I did for you and the really good budget that I passed for you earlier.

And so, I don't think we can reject that political reality that those things play a role.

So, I want to focus on appropriations, because that is where the rubber meets the road every year. And I have a letter from the
CBO where they talked about how the fiscal year 2017 appropriations were being spent.
And, Mr. Chairman, I would like to ask unanimous consent to put this in the record.
Co-Chair WOMACK. Without objection.
[The information follows:]
May 21, 2018

Honorable Steve Womack
Co-Chair
Joint Select Committee on Budget and Appropriations Process Reform
U.S. House of Representatives
Washington, DC 20515

Re: Period of Availability of Appropriated Funds

Dear Mr. Co-Chair:

As requested by your staff, the Congressional Budget Office is providing the Joint Select Committee on Budget and Appropriations Process Reform with information about the period during which discretionary budget authority provided in annual appropriation acts is generally available for obligation.

By law, budget authority is provided to allow federal agencies to enter into obligations, and in most cases, those funds expire if they are not obligated during a specified period. Once expired, such funds are no longer available for obligation unless newly appropriated.

Discretionary budget authority generally is designated as:

- Annual authority, which expires at the end of the first year in which an appropriation is made available (unless explicitly stated otherwise, funds provided in appropriation acts are available for one year only);

- Multiyear authority, which expires at the end of a designated period of more than one year; or

- “No-year” authority, which does not expire but remains available until the funds are expended.

www.cbo.gov
Honorable Steve Womack
Page 2

Data from the Department of the Treasury (see attached report) indicates that the discretionary budget authority provided for fiscal year 2017 (excluding advance appropriations and spending authority from offsetting collections) was made available as follows:

- 51 percent for one year,
- 19 percent for two years,
- 14 percent for three or more years, but expiring on a specified date, and
- 15 percent indefinitely until expended.

I hope you find this information useful. The CBO contact is Theresa Gullo, who can be reached at (202) 226-2800.

Sincerely,

[Signature]

Keith Hall
Director

Enclosure

cc: Honorable Nita Lowey
Co-Chair
FY 2017
Budget Authority by Period of Availability, All Executive Branch Agencies

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<th>3+ Year</th>
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Source: Governmentwide Treasury Account Symbol (GTAS) Adjusted Trial Balance, Bureau of Fiscal Service, Department of the Treasury
FY 2017
Budget Authority by Period of Availability, Executive Branch Agencies

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### FY 2017

**Budget Authority by Period of Availability, Executive Branch Agencies**

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<td><strong>General Services Administration</strong></td>
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<td><strong>International Assistance Programs</strong></td>
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<td>50%</td>
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<td>27%</td>
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<td>846</td>
<td>6%</td>
<td>5%</td>
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<td>77%</td>
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<td><strong>National Aeronautics and Space Administration</strong></td>
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</tr>
<tr>
<td>Appropriation (total)</td>
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<td>2,924</td>
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<td>84%</td>
<td>1%</td>
<td>35%</td>
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</table>
**FY 2017**  
*Budget Authority by Period of Availability, Executive Branch Agencies*

<table>
<thead>
<tr>
<th>Agency</th>
<th>Budget Authority</th>
<th>Total Amount ($M)</th>
<th>Annual</th>
<th>2-Year</th>
<th>3+ year</th>
<th>No-year</th>
</tr>
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<tbody>
<tr>
<td>National Science Foundation</td>
<td>Appropriation (total)</td>
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<td>73%</td>
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<td>0%</td>
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<td>0%</td>
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<td>Administrative Conference of the United States</td>
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<td>0%</td>
<td>0%</td>
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<tr>
<td>Advisory Council on Historic Preservation</td>
<td>Appropriation (total)</td>
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<td>100%</td>
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<tr>
<td>Appalachian Regional Commission</td>
<td>Appropriation (total)</td>
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<td>Budget Authority</td>
<td>Total Amount ($M)</td>
<td>Percent of Total BA</td>
<td>2-Year</td>
<td>3+ Year</td>
<td>No-Year</td>
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<td>Broadcasting Board of Governors</td>
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<td>Commission of Fine Arts</td>
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<td>0%</td>
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<td>Commission on Civil Rights</td>
<td>Appropriation (total)</td>
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<td>Committee for Purchase from People Who Are Blind or Severely Disabled</td>
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<td>0%</td>
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<td>0%</td>
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<td>Corporation for National and Community Service</td>
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<tr>
<td></td>
<td>Advance appropriation (total)</td>
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<td>Budget Authority</td>
<td>Total Amount ($M)</td>
<td>Percent of Total BA</td>
<td></td>
<td></td>
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<tr>
<td>----------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
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<td>---------------------</td>
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<tr>
<td>Court Services and Offender Supervision Agency for the District of</td>
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<tr>
<td>Columbia</td>
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<td></td>
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<td></td>
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<tr>
<td>Election Assistance Commission</td>
<td>Appropriation (total)</td>
<td>8</td>
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<td></td>
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<td>Equal Employment Opportunity Commission</td>
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<td></td>
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<td>123</td>
<td>50% 0% 7% 3%</td>
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<tr>
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</table>
## FY 2017

Budget Authority by Period of Availability, Executive Branch Agencies

<table>
<thead>
<tr>
<th>Agency</th>
<th>Budget Authority</th>
<th>Total Amount ($M)</th>
<th>Percent of Total BA</th>
<th>2-Year</th>
<th>3+ year</th>
<th>No-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Deposit Insurance Corporation</td>
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<td>35</td>
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<td>33%</td>
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<tr>
<td>Federal Mediation and Conciliation Service</td>
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<td></td>
<td>Spending authority from offsetting collections (total)</td>
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<td>0%</td>
<td>0%</td>
<td>100%</td>
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<tr>
<td>Federal Mine Safety and Health Review Commission</td>
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<td>0%</td>
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<td>0%</td>
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<td>Harry S Truman Scholarship Foundation</td>
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<td>0%</td>
<td>0%</td>
<td>100%</td>
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<td>Institute of American Indian and Alaska Native Culture and Arts</td>
<td>Appropriation (total)</td>
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<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>
### FY 2017

**Budget Authority by Period of Availability, Executive Branch Agencies**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Budget Authority</th>
<th>Total Amount ($M)</th>
<th>Percent of Total BA</th>
<th>Annual</th>
<th>2-Year</th>
<th>3+ year</th>
<th>No-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institute of Museum and Library Services</td>
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<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
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<tr>
<td></td>
<td>Spending authority from offsetting collections (total)</td>
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<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
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<td>Intelligence Community Management Account</td>
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<td>International Trade Commission</td>
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<td>0%</td>
<td>100%</td>
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<td>0%</td>
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<td>100%</td>
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<td></td>
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<td>Marine Mammal Commission</td>
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<td>0%</td>
<td>0%</td>
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<td>0%</td>
<td>0%</td>
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<td>Morris K. Udall and Stewart L. Udall Foundation</td>
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<td>0%</td>
<td>0%</td>
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<td>99%</td>
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## FY 2017

### Budget Authority by Period of Availability, Executive Branch Agencies

<table>
<thead>
<tr>
<th>Agency</th>
<th>Budget Authority</th>
<th>Total Amount ($M)</th>
<th>Percent of Total BA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Annual</td>
</tr>
<tr>
<td>National Capital Planning Commission</td>
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</tr>
<tr>
<td>National Commission on Military, National, and Public Service</td>
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<td>National Council on Disability</td>
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<td>0%</td>
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<td>National Labor Relations Board</td>
<td>Appropriation (total)</td>
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<td>National Mediation Board</td>
<td>Appropriation (total)</td>
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<tr>
<td>National Railroad Passenger Corporation Office of Inspector General</td>
<td>Appropriation (total)</td>
<td>23</td>
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</table>
### FY 2017

**Budget Authority by Period of Availability, Executive Branch Agencies**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Total Amount ($)</th>
<th>Percent of Total BA</th>
<th>2-Year</th>
<th>3+ year</th>
<th>No-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Transportation Safety Board</td>
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</tr>
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<td>0%</td>
<td>0%</td>
<td>100%</td>
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<tr>
<td>Neighborhood Reinvestment Corporation</td>
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### FY 2017
Budget Authority by Period of Availability, Executive Branch Agencies

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# FY 2017

Budget Authority by Period of Availability, Executive Branch Agencies

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<th>Agency</th>
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Source: Governmentwide Treasury Account Symbol (GTAS) Adjusted Trial Balance, Bureau of Fiscal Service, Department of the Treasury
Representative Woodall. What the CBO was asked is: What is that spend rate? Because we really do want to hold folks accountable. I think it was Mr. Dauster who said this is the only way I can get the administration to come back and visit with Congress day in and day out.

And what the CBO found in this report—and I apologize if my colleagues don't have a copy of it—is that about half the money did go out in year one, but the other half of the money went out in year two, or year three, or had absolutely no time limit on it whatsoever, just went out whenever.

So, my question for each of you in the 2-1/2 minutes I have left is, knowing that the spend rate is different, that folks are spending annual appropriations over many years out into the future, and knowing that that number is actually 50 percent of the money that is going out not in year one, does it change your expectation of what keeps the administration coming back to Congress?

I want to stipulate that Article I is who I want to protect. Could I really move to biennial or triennial or some different cycle, given the spend rates that we see in appropriations today?

Mr. Dauster.

Mr. Dauster. I think that is an argument for annually appropriating, because then you go back and you see are you spending it where it needs to go. And if you aren't, then you can grab some of it back and use it somewhere else.

Mr. Woodall. Now, I can only grab it back if I have an appropriate President who is willing to work with me on a rescissions bill. And if I have a President who is willing to work with me on a rescissions bill, then I don't need the club of appropriations to get the agency to come back and visit with me, is my expectation. So, I am thinking this is an adversarial situation that comes up most often.

Mr. White.

Mr. White. Well, I think what we are talking about here at some level is the difference between budget authority and outlays. And so, when Gramm-Rudman was passed, which focused on outlays, they had to have this massive negotiation among CBO and OMB staff to come up with spend-out rates for every program, project, and activity.

Because if you are going to buy an aircraft carrier, it is going to take a very long time to spend the money for an aircraft carrier. And if you are going to build a road, again, you don't spend all the money on the road that year.

On the other hand, there are things for which you spend money immediately, or it is sent out this year for next year, like support for education.

And so most of what is going on in this situation is just the natural differences among types of programs. And I don't think that that will really have much effect on what you are—

Representative Woodall. Well, from an accountability perspective, my experience with the Department of the Navy is they are very interested in what I have to say when we are talking about buying that aircraft carrier. Once we have half an aircraft carrier, they are pretty sure we are going to get that second half down the
road. The military contractors are pretty sure they are going to get that second half, too.

So, I know we are all worried about what happens with the appropriations cycle. I am just not an appropriator, trying to understand how that mechanics work.

Mr. WHITE. Well, I think that they are worried about getting the budget authority in the first place. And if they get the budget authority for the aircraft carrier and they screw it up, then maybe there is a possibility you won’t give them another aircraft carrier.

Representative WOODALL. I see my time has expired, Mr. Chairman. I yield back.

Co-Chair WOMACK. Mr. Kilmer.

Representative KILMER. Thank you, Chairman.

And thanks to all of you for being with us.

You know, there is a lot of conversation about carrots and sticks. And, Mr. Dauster, I wanted to get a sense from you regarding what sort of positive incentives could be put in place to encourage bipartisanship and sound budgeting. You raised the notion of a fast track, and I am not entirely clear what that looks like.

I guess I can see how you could create an incentive in the Senate to act in a bipartisan way if it gets around vote-a-rama and filibusters and all that. But why would a majority in the House be incentivized to go that route when they can do whatever they want with 218 votes?

Mr. DAUSTER. I should say that I pray every morning for humility and sometimes it takes. So, I should say that I am not an expert on House procedures and I shouldn’t pretend to be.

I want to agree, though, with what you said in an earlier hearing, that often when Congress puts a gun to its head it pulls the trigger. And so, if you are putting in sticks in the progress, you want to make sure that you are willing to accept those sticks. So, I am much more of a carrot person.

And I think that from the Senate perspective, the particular carrot that works best is to create an opportunity for a fast track where you are able to move something quicker, with fewer amendments, and get it done.

And the cost for that is often you need a supermajority in the committee or a deadline to produce it before X date in order to get the right to use that fast track.

Representative KILMER. If you or others have thoughts about how you could get the House to buy into that approach, I would value it, because we have been trying to think about what carrots might look like.

Maya, you have spent a lot of time working on these issues. And I know one of the reasons that you are as vocal on this is that I don't think Congress is going to do anything on this issue unless the American public demands it. And to me, that is part of the appeal of the Fiscal State of the Nation idea, to try to drive some conversation around budget deficits and our Nation’s debt.

Can you talk about how you see that having some potential value?

Ms. MACGUINEAS. Yeah, I really do. And one of the things that I really like about something like the Fiscal State of the Nation is
that it is not hard to do, there is nothing that is hard about it, but it could start this positive process.

Because, I agree with you, nothing is going to change unless you all go home and feel like your voters actually want you to make some of these hard choices. And that has to be a stronger sentiment, that they enjoy you giving away lots of things, not paying for them, and fighting with each other.

But the public will not make that change on their own. That will ultimately only come from political leadership. And so, we have got a little bit of a catch-22.

I think the best thing to do is give people information, give you all, the political leaders, and the President information, and insist that it be shared in a way that this is the effect of our budget.

Another idea I was thinking about when I was listening to you all talk is, at the end of the budget cycle we should actually look back and see how much you stuck with your budget and how that played out.

But the biggest piece of it is sharing the information in terms of the longer-term issues, what we are facing, what the effect it would have from our political leaders, and then that will create an understanding.

CBO, all you have to do is read a CBO document and understand how real this is. But finding a way to share that with voters who are dealing with a lot of things that affect their lives personally will help them be able to support the hard choices that you know you need to make that are hard to make.

Representative KILMER. You also put in your testimony, you called out the value of establishing the discretionary spending allocations earlier in the process. I tend to agree with that because until there is agreement on the 302(a)’s, the appropriations processes kind of churn without real progress.

So, can you talk about, maybe elaborate a little bit about why you think that can help reduce some of the friction in the budget process?

Ms. MACGUINEAS. Well, I think one of the most important things is to end crisis budgeting. Right now, things only get done when there are action-forcing moments, and those things are almost always suboptimal. So, you want to put a way in the process where we know that we are not going to have shutdowns, where these things will move more smoothly, but also they are attached to some of the bigger choices.

So, what you want to do, I think, on the appropriations part, is find a way where you know you can set the numbers that appropriators will be able to start doing their work, but not as an excuse not to do the full budget.

For instance, right now, when we have 2-year budgets in place, you hear people already saying: Well, we don’t need to do a budget. We don’t want that to be the outcome.

So back to the tradeoffs, like there are with joint resolutions, you want to get those numbers on early and people can make their decisions so that we are not doing the last-minute budgeting, which really leads to poor outcomes. We have many examples of that recently. But we don’t want it to be an excuse to drop the rest of the budget process.
Representative Kilmer. All right.

Thanks, Chairman. It looks like I am out of time. I yield back.

Co-Chair Womack. Senator Schatz.

Senator Schatz. Thank you, Mr. Chairman.

Thank you to all the testifiers. Great conversation so far.

First, a comment about the purpose of this committee on a bipartisan basis. The problem that we are here to try to solve is CRs, shutdowns, debt ceiling, a lack of the regular order on the budget and appropriations process.

The problem we are not here to solve is long-term solvency of the Social Security Trust Fund, Medicare, and Medicaid. That is for another day, and that is sort of outside of our ability. I mean, remember that the statute that enables this committee is supposed to provide something to both houses for an up-or-down vote by the end of the calendar year.

And so, although all of those conversations are interesting, and I am tempted to engage with you, Ms. MacGuineas, about Social Security, I will resist that temptation.

But actually, that illustrates my point, that we want to make sure that we calibrate our ambitions so that what we do is what is possible this year and we don’t have an academic discussion that either goes completely sideways by the end of the year or ends up becoming a partisan conversation.

If all this committee did was get us on a path towards the regular order, maybe by eliminating the debt ceiling as a weapon, maybe by rationalizing the budget process, that would be a tremendous accomplishment. We don’t have to fix the country at this table in the next 6 months. We should just get ourselves on a path to do so.

So, along those lines I am going to talk about some small things, what I think are small things. The 1974 Budget Act provides that the President is required to submit a budget by the first Monday in February, and then 6 weeks later the committees are requested to submit their views, and then the Budget Committee is supposed to act by April 15.

I guess my question is, at least as long as I remember paying attention to politics in this town, we always ignore or reject the President’s budget. And to the degree and extent that this committee is literally about asserting our Article I authorities, our constitutional prerogatives, I guess I am just wondering why we need a President’s budget at all.

So, it is in certainly direct contradiction from your proposal, which would actually elevate and make meaningful the President’s budget, and then we have to make our own, and then it is subject to signature or veto.

My view is, if what we really think is the executive proposes and the legislative disposes, why don’t we just go ahead and move quicker and take out that one step, because I think from a timing standpoint, in addition to aligning the fiscal and the calendar year, those are just kind of some minor tweaks that would allow us to sort of get to business right away.

And I will just go down the line.
Ms. MacGuineas. Okay. So, I would say, by all means, the process should start earlier. There is nothing wrong with changing the calendar.

There are some good things to be said for the President’s budget. One is that it is important to understand from the executive branch the statement of values. And two, there is a lot of good policy work that goes into it. So, if you read the fine print, there are a lot of ideas you can pull out and use that are very helpful.

But I think recognizing that the beginning of the real process is Congress’ budget makes sense.

Senator Schatz. Okay. That is fair. That is fair. So we can still have a process.

Ms. MacGuineas. You don’t need to wait.

Senator Schatz. But there is no reason to start the clock upon receiving the Pres budg.

Ms. MacGuineas. I would agree with that. Right.

Senator Schatz. Okay. Mr. Capretta, go ahead and disagree with me.

Mr. Capretta. Well, that is okay. First of all, a longer-term perspective would show that Presidents’ budgets have had, in past times, depending on the political circumstances, a lot of influence. So, 1981 was not 2018. Neither was 1993 or 1997.

So sometimes in our history Presidents’ budgets have been very consequential, so I would be careful about just saying we don’t need this.

I would also agree with the point that there is lots of detail that is very important. The appropriators would never agree to get rid of the President’s budget, because it is chockfull of detailed information about what is really going on at the account level that they need to then write the appropriation bills.

Senator Schatz. Right. But maybe we don’t, I am serious, maybe we don’t need to call it a budget if it is really not a budget and it is not the basis for our budget.

Mr. Capretta. Well, a lot of people would disagree that it is not a budget. But, anyway, I think it depends on the circumstances.

Senator Schatz. Mr. Dauster.

Mr. Dauster. I am going to bring my recollection of working at the end of the Clinton administration in the White House, and the budget was a useful document to get the rest of the government to pay attention to what the President wanted to be done.

The OMB has to organize the government to be reactive to the administration’s priorities, and for that purpose alone it is a very useful thing.

And I agree with what was said earlier as well.

Mr. White. Well, I think, first of all, remember the basic problem is to relate details to totals. And so long as the President doesn’t have too many magic asterisks, the President’s budget does create a template that does sort of do that and that you can then work off of in other directions.

I think that, again, so long as OMB actually has enough staff and isn’t doing all sorts of other stuff, it provides a review, a scrubbing of the estimates, which is also useful to the appropriators.

Somebody once told me that the National Cancer Institute direct pass-through budget is totally useless because it is too big and you
don’t know what to do with it. So, the Presidential scrub is useful on appropriations. The President’s budget gives a template, if he doesn’t lie too much, about fitting totals to details.

And the last thing the President’s budget does is it gives an ability to pass on blame. So, if the President proposes something and it is unpopular but you sort of want to do it anyway, you say: Hey, it is his idea.

And if the President proposes something and it is unpopular and you don’t want to do it, then you say: Okay, we are going to go cut something else, and the people we cut will be really angry at us, but then we have the people we saved from the mean old President’s budget.

So, the President’s budget is partly about blame allocation and serves some useful purposes for Congress in that.

Senator Schatz. I don’t think we need another mechanism for blame allocation.

Mr. White. Avoidance, blame avoidance.

Co-Chair WOMACK. Thank you, Senator.

Senator Hirono is on her way back from a vote, so we are going to hold this hearing open for a few more minutes waiting on her re-arrival.

I do have a question, though. And while we are waiting on her, if anybody else has a question, we will take those as we can.

There has been a lot of discussion about the appropriations piece of this whole process. I have a theory, and I am an appropriator, that once we do appropriations work, once we have 302(a)’s and sub-allocations and we actually complete our appropriations process, the Appropriations Committees, certainly the subcommittees, are finished. They don’t do a lot more. At least that has been my experience.

Would an appropriations process that would scan longer than an annual process open up the opportunity for more and better oversight?

Anybody.

Mr. Dauster. I think some of your best oversight is when they have to come in and talk to you about the budget, though. If they don’t have to worry about the budget or about being funded, they are going to be less concerned with the oversight.

Mr. White. Yeah, I guess the question is, if they have some time to do more work—obviously, most of the work, sorry, is done by the staff, right? It is like being a student. There are these really heavy periods and then these slower periods. And they, unlike you, don’t have to go back and talk to the public, and so they have some time which could be used studying and learning more about the agencies, in theory.

I am not sure. Biennial appropriations would just get less attention, and I don’t think it would give extra time that would really be helpful, my perception from the years I have spent looking at the Appropriations Committee. But really that is more sort of the Members’ judgment as to what could be better accomplished.

Co-Chair WOMACK. Mr. Capretta.

Mr. Capretta. Yeah. I think that it is possible that not spending so much time on appropriations could free up more time for the
Congress to do other things in various ways, not just the appropriations subcommittee.

I think the real question is that Congress, I think, needs to spend a lot more time doing oversight work of mandatory spending, too, frankly, that there is lots of detail going on in the mandatory spending side, where the money is going out the door without any annual appropriation, where a little more scrutiny would be helpful.

Some of these programs have a big label on it and there are 15 things going on below the surface, and not a lot of Members of Congress, I think, understand that.

And so, looking at military pensions and all the things that go on with that, looking at the entitlements in the Veterans Affairs area, looking at even Social Security and, of course, Medicare and Medicaid, they are big programs. They are spending literally hundreds of billions of dollars. More and more oversight of what is really going on in those programs, I think, is most useful.

Co-Chair WOMACK. Maya.

Ms. MACGUINEAS. Yeah, I agree with Jim’s point in terms of where the oversight is most lacking.

There is actually a lot of good evaluation that goes on of a lot of our discretionary programs. It is not worked into the budget process probably as much as it should be.

But where I think we need to be spending more time is both on oversight of the big mandatory programs, and also, thinking—and this is again why I think the long-term is so important—thinking about not just where our resources should be right now, but where they are going to need to be.

And when I look at the world in the next 10, 15 years, one thing I am pretty certain of is we don’t understand how our economy is going to look, with the future of work, with technology, with AI. These things are changing dramatically.

And somewhere in the budget process you also want to be really working in the time and space and thought for evaluating how we want our budget to help the whole country move forward.

So, there are a lot of things we need to use extra time for more of, and I would focus on some of these big, big, thorny issues and evaluation of the big programs.

Co-Chair WOMACK. Senator Hirono, welcome back.

Senator HIRONO. Thank you very much for holding this meeting opening.

And I want to thank all of you.

As we sit here, be honest with me, all of you, whatever we come up with, unless there is the political will to do it, is for naught, right? So that is the thing.

I mean, to me, I would like to lay out some parameters so that we have something to shoot for. It is sort of like the Constitution, there are ideals exemplified in the Constitution. One hopes that we can work toward those ideals.

But I just don’t know what it is going to take for the political will to actually abide by whatever we come up with. But that doesn’t mean that we shouldn’t make an attempt.

So, I do have a question for you, Mr. Dauster. You have been around for quite a while, and you have been through myriad de-
bates about drafting of and living with budget process reform legislation. And I think you said that you are more of a carrot person than a stick person.

So, of all of the various processes and reforms that you have seen enacted during your time on the Hill, which were the most effective in your view, and what made them effective?

Mr. DAUSTER. Thank you, Senator. I agree with your general introduction. You want to try and do the best possible, but no more. The one that I enjoyed the most or I thought was the best change was in 1990. We were coming out of a fixed deficit target regime under Gramm-Rudman, and we changed that to a cap and PAYGO system, where you make the people who do the deed responsible for what they do.

And so, I think that was the direction of change that makes the most sense: Make your process punish the people who do the thing that went wrong. Don't punish everybody.

Senator HIRONO. I think that the PAYGO system—which we try to abide by. I mean, that is one that we usually try to come up with, how we are going to pay for whatever changes we are making.

Now, I think, Ms. MacGuineas, and maybe some of the others of you, talked about how transparency is really important and that we don't really spend a lot of time especially educating the public, much less Members of Congress. But we do have many more opportunities to find out what the ramifications of our processes are and our appropriations, et cetera.

But where does the public understanding of all of this come into play? And what role could conveying more information to the public play in informing the kinds of actions that Congress takes?

Ms. MACGUINEAS. I do think it is critical—and we have talked a bit about the Fiscal State of the Nation or other approaches like that, which I am a big supporter of—I think it is more critical now than it is ever been. Because, frankly, when you talk about budget process and all the different terms that you all are familiar with, they are not just meaningless to the public, they are alienating.

And it is just another example of kind of a language where Congress is using something where your constituents don't understand what you are talking about. And I think it leads to the frustration and just throwing your hands up with Washington: I don't even understand what they are talking about and it makes me feel not a part of the process.

So, I think transparency is really important. I also think simplifying the process in ways that it can be conveyed to people is really important.

And to your first point, I think everybody agrees, I know I certainly agree, that there are a lot of aspirational things that you want to do on this committee. But the best things that have worked in the past is when members of different parties and different bodies have gotten together and come up with something.

So, again, I will kind of end with where I started, which is getting something done is one of the key things. And if you take a small step here it can really lead to something.

Senator HIRONO. I agree that getting members of both parties to buy in, maybe one of the ways structurally we can encourage that,
is for the chairs and the ranking of the authorizing committees to be members of the Budget Committee, because that is not what happens now.

Anybody want to respond to that?

Mr. DAUSTER. I definitely think that makes sense. Senators Inouye and Kassebaum were advocates of that back in the day. And it would get more buy-in.

The only problem is you have members of the Budget Committee right now who view their membership as a thing of value. That is why I would argue as openings come up——

Senator HIRONO. I don’t know. Have you talked to Senator Whitehouse recently?

Mr. DAUSTER. As openings come up, and there may be more openings, give the other chairs a first right of refusal to join in and sort of move to a place where you have the chairs and rankers, not all members.

Mr. WHITE. I think it is important not to—there are two different things being talked about here, right? One is, what would make the budget process itself get better attention and so on and more buy-in? And the other is what to do about the process of changing the budget process. And I think that quite possibly making up the Budget Committee from chairs of other committees might make sense.

But I don’t think anything is going to really get the public’s attention in a positive way. I think people are always blaming public distrust of government on whatever it is about the government that they don’t like. And whether the public actually cares about any of this stuff, or many members of the public, seems quite questionable to me.

And for transparency to matter people have to be willing to look. And we can try to propagandize the public by coming up with a statement about our fiscal future, but somebody is going to write that statement. And whoever writes that statement, there might be some arguments about the way they write that statement.

So, I would like to provide much more information. I am not sure I would disagree with CBO writing a statement maybe.

But I really think that, at least for the current purposes, focusing on what could be done about the budget process would do a little bit of good. This year, sort of along Senator Schatz’s lines, that would feel nice, to have something nice happen.

Senator HIRONO. Well, if we can automatically increase the debt ceiling, that would be a very positive thing as far as I am concerned. But this is why the Fiscal State of the Union may be a really good way to educate.

You know, I don’t expect the public to understand what is going on, et cetera, but at least you give them a tool that they could look at, not to mention all of us.

And I think my time is up. So, thank you.

Co-Chair WOMACK. Thank you, Senator.

Ms. MacGuineas, Mr. Capretta, Mr. Dauster, Mr. White, thank you for appearing before this committee. Very interesting discussion that we have had today.

I would like to advise members that they can submit written questions to be answered later in writing. Those questions and
your answers will be made part of the formal hearing record. Any member who wishes to submit a question or any extraneous material for the record may do so within 7 days.

I think it should be noted that our ability to sit in here today and have the conversations that we are having, those privileges are secured by the hardships and the sacrifices made by people that we will recognize on Monday, Memorial Day.

It is my hope, as chairman of this committee, co-chair of this committee, that each and every one of you have a great Memorial Day weekend and reflect on the sacrifices made by the men and women who give us this outstanding privilege.

And with that, this hearing is concluded.

[Whereupon, at 12:25 p.m., the committee was adjourned.]
MEMBERS’ DAY: HOW TO SIGNIFICANTLY REFORM THE BUDGET AND APPROPRIATIONS PROCESS

WEDNESDAY, JUNE 27, 2018

HOUSE OF REPRESENTATIVES,
JOINT SELECT COMMITTEE ON BUDGET AND APPROPRIATIONS PROCESS REFORM,
Washington, D.C.

The Committee met, pursuant to call, at 9:11 a.m., in room HVC-210, Capitol Visitor Center, Hon. Steve Womack and Hon. Nita M. Lowey [co-chairs of the Committee] presiding.
Senators Perdue, Ernst, Whitehouse, Bennet, and Hirono.
Co-Chair WOMACK. The hearing will come to order.
Good morning and welcome to the fourth public hearing of the Joint Select Committee on Budget and Appropriations Process Reform: Members’ Day.
This select Committee is focused on ensuring Congress can fulfill the most important and essential role described under Article I of the Constitution, the power of the purse. Long before our Committee was formed in February, there was bipartisan agreement throughout the Capitol and across the country that the current process for completing this basic function of government is in need of substantial improvement. That agreement led to bipartisan, bicameral support for the creation of this panel as part of the Bipartisan Budget Act of 2018.
This Committee of 16 members has already spent a lot of time building consensus on some of the problems and conducted three previous hearings to consider solutions. Today’s hearing gives members who know that budget and appropriations reform is necessary the opportunity to participate in this essential work. This hearing is meant to engage all Members of Congress from both sides of the aisle and both ends of the Capitol and solicit their ideas for possible reforms to improve the current process. We believe doing so is key to our continued efforts and eventual success.
I am encouraged by the level of interest and participation from those testifying in person and those submitting statements for the Committee’s consideration. We are grateful for your input and your ideas.
We are particularly excited to welcome some of the House leadership. Speaker Paul Ryan, Democrat Leader Nancy Pelosi, and
House Democrat Whip Steny Hoyer. Thank all of you for being here.
And thank you to everyone for joining us and offering your valuable perspective. We are eager to hear your ideas.
And, with that, I want to yield to my friend and co-chair, the gentlelady from New York, Nita Lowey.
[The prepared statement of Steve Womack follows:]
CO-CHAIR WOMACK OPENING STATEMENT:

Members’ Day: How to Significantly Reform the Budget and Appropriations Process

Washington, D.C., Wednesday, June 27, 2018

As prepared for delivery—Joint Select Committee Co-Chair Steve Womack

Good morning, and welcome to the fourth public hearing of the Joint Select Committee on Budget and Appropriations Process Reform: Members’ Day.

This select committee is focused on ensuring Congress can fulfill the most important and essential role described under Article I of the Constitution: the power of the purse.

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I am very encouraged by the level of interest and participation from those testifying in person and those submitting statements for the Committee’s consideration. We are grateful for your input and ideas.

We are particularly excited to welcome some of the House leadership: House Speaker Paul Ryan, House Democratic Leader Nancy Pelosi, and House Democratic Whip Steny Hoyer. Thank you for being here.

And thank you to everyone joining us and offering your valuable perspective. We are eager to hear your ideas. With that, I yield to my co-chair, Ms. Lowey.
Co-Chair LOWEY. Well, thank you. And welcome to our Members' Day hearing where we will hear from Members of the House and Senate about what should be done to improve the way Congress handles budget and appropriation matters. There is no shortage of complaints about the budget process. Budget resolutions are often adopted late or not at all. Budget rules are routinely waived.

All too often, appropriation bills don’t get enacted until the fiscal year is well underway, creating major uncertainties and problems, and appropriation bills get encumbered with all sorts of extraneous legislative riders, which contributes to the controversies and delays.

Changes to the budget process might help reduce some of these problems, and that is our task here. For example, we need to find a way to get agreement on appropriations top lines early in the year so that the appropriators can get to work filling in the details. We need to find a better way to deal with the debt ceiling, a law that serves no useful purpose but invites brinksmanship that threatens our Nation’s credit rating and the health of our economy. And we need to find a way to make our budget resolutions more effective tools for formulating and carrying out budget decisions.

But there are also limits on what can be accomplished with rules changes. Flawed rules and procedures aren’t the root cause of much of what people complain about in budgeting. Rather, the root cause often lies in deep divisions over policy, combined with misplaced priorities, partisanship, and polarization. We need to find ways of alleviating those as well.

It is gratifying and encouraging to see the number of Members participating in this hearing. And we are particularly honored to have with us the Speaker of the House as well as the Democratic leader and the Democratic whip. I look forward to everyone’s testimony.

Thank you.

[The prepared statement of Nita Lowey follows:]
CO-CHAIR LOWEY OPENING STATEMENT:

Members’ Day: How to Significantly Reform the Budget and Appropriations Process

Washington, D.C., Wednesday, June 27, 2018

As prepared for delivery—Joint Select Committee Co-Chair Nita M. Lowey

Welcome to our Members’ Day hearing, where we’ll hear from Members of the House and Senate about what should be done to improve the way Congress handles budget and appropriations matters.

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Co-Chair WOMACK. Thank you, Ms. Lowey.

With several Members testifying today, we have a long morning ahead of us. Therefore, before we begin, I would like to inform Members that we plan to take a brief recess at about 10:30 this morning so that you can check email, make phone calls, and take a comfort break.

As a reminder, Members will have 5 minutes to give their oral testimony, and their written statements will be submitted for the record. Additionally, members of the Committee will be permitted to question the witnesses following their statements. But out of consideration for our colleagues' time and to expedite today's proceedings, I would ask that you keep your comments very brief.

I would like now to recognize our first witness of the day, the Speaker of the House, Paul Ryan from Wisconsin. We appreciate your time today.

It is no surprise to anybody on this panel or those watching that you have an interest in this process, that you, perhaps more than any person on Capitol Hill and, indeed, throughout the Nation, know more about this process and about the budget and appropriations process than virtually anybody. So, your testimony is critical to the outcome that this Committee will achieve sometime later this year.

We have received your written statement. It will be part of the formal record. You have 5 minutes to deliver your oral remarks. And the floor is yours, Mr. Speaker, with our thanks for being here.

STATEMENT OF THE HON. PAUL D. RYAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Speaker RYAN. Thank you very much, Chairman. I have never actually had my remarks ever time-limited since I have had this job. So, this is going to be a challenge here.

Co-Chair WOMACK. Yeah. No magic minutes around here.

Speaker RYAN. Exactly.

So, first of all, it is a wonderful to be here. I can't tell you how excited I am about the fact that this Committee exists. Obviously, I had a big hand in making sure that this occurred. I want to thank you, Co-Chairs Lowey and Womack, for doing this work. I am going to stick with some of my written testimony. Then I am going to go off the cuff.

As you know, I chaired the Budget Committee, chaired the Ways and Means Committee. I have spent basically my adult life working within the 1974 Budget Act and the budget process. So, I have a great deal of background in this area. And I think that this panel is so urgent at this time.

As things stand, I think we are basically falling well short of our tasks. We continue to fail the taxpayer. Worse, we continue to set ourselves up for failure with the way the budget process works these days. And it is obviously clearly time for a new approach. And I think I can feel comfortable speaking on behalf of Republicans and Democrats in saying that. So, because I have this background, I just want to basically give you a sense of my perspective on this.
Whenever, you know, there is a new Speaker, there is hope for a new process. Members clamor for more influence, more input. I experienced that. I came in, not running up the leadership ladder but up the Committee chair ladder, wanting to decentralize power in this place, empowering the Members. I have got to say the way this budget process works effectively is it centralizes power too much in this institution.

We do not have a decentralized power structure here. We have a centralized power structure here that is not fair to Members of Congress, their constituents, and the taxpayers.

So, the way I look at this, the budget and appropriations process, it starts with good intentions. It has a good foundation. You have a tight timeline. Even under the best circumstances, that tight timeline leaves no room for detours. Invariably what happens now is the process seizes up, and not long after, the whole thing falls apart. And as a clock ticks down, final decisions are kicked up to leadership, and that kicks back to final numbers—a final product that Members find unsatisfactory.

And we sit in these rooms, the four corners, so to speak, and look over $1.3 trillion, for example, and make decisions that ought to be made by the Members who spend all of their time on the Committees doing the research, doing the oversight. They are the ones who should be making these decisions. So, we do not have a functional process, and it is—the power is too concentrated.

So, I would even say calling this organized chaos is too generous a description. And so, to me, all of these omnibuses and these continuing resolutions, they are a little more than local anesthetics. It is like an anesthesia, but the pain goes away, but the problem doesn't go away. And it just feeds on itself, fueling pessimism on all sides. Members become less engaged. The public becomes more disenchanted. And with each of these stumbles, with each new year, we are handing over more spending decisions to the executive branch.

So, I see this as a squandering of our institutional duties of oversight. I see this squandering the talent we have among our Members on the Committees or jurisdiction, like the Appropriations Committee. And more fundamentally, it is an abdication of our critical power of the purse for the legislative branch of government. So, I am one of those people who is—I see the glass of life as half full. I am an unapologetic optimist. And I do believe we can solve tough problems, even this one. And that is why I am encouraged at what you are doing here.

The reforms that we need I think are bold, but I think they are right in front of us. I think some of the ideas we have been talking about for years, they are ready; they are time to do it. And, you know, the way I look at this thing is we may not be able to change the deadlines, but we can change the calendar. Looking at what we are doing right now and look at the entire appropriations process. How many of you—and I ask Senators here. I see, you know, just a couple. How many of you think the Senate is ever going to again do 12 appropriation bills, separate appropriation bills, 12 conference reports, before the fiscal year? Not going to happen. Let's just get on with acknowledging that and come up with a process so we actually go back to regular order on appropriations.
And this is why I ultimately think the best idea of all the ones that we have been looking at—and I have done hearing after hearing after hearing, 8 years at the Budget Committee as either ranking member or Chairman, Ways and Means chair. I think biennial budgeting is the smartest way to go. And I think biennial budgeting has great bipartisan roots. So, it, to me, offers a path to re-writing the process, not just reforming it. It makes budgeting an ongoing process instead of all these demoralizing fits and starts that we have. It brings renewed transparency and accountability, and it sets us up to be better stewards of taxpayer dollars.

There are a lot of different proposals I have seen on biennial budgeting. I myself have introduced multiple congresses the Biennial Budgeting and Enhanced Oversight Act. I think the recent—and this really takes a lot of Senate involvement. The recent proposal by Chairman Enzi makes a lot of sense to me. Do six appropriation bills 1 year, six appropriation bills the next year. So, you are appropriating every year, and you are doing it in a workload that is doable. And you have biennial budgeting on top of that with reconciliation instructions. And I think it is not too much to ask for the way the Senate works to do six this year and then six the next year. That, to me, is probably one of the best ideas I have seen. I don't think this violates any partisan issue. This isn’t an ideological thing. This is just, how can Congress work better?

The way I look at this, if properly implemented, this will empower Members to do a deeper dive on the most troublesome issues, and it will enhance their ability to oversee the executive branch. I think it will reinvigorate Member participation. It will encourage actual conference Committees and actual conference reports on individual appropriation bills. And I think it will also enhance the importance of reconciliation.

In 2013, Patty Murray and I got together as budget chair, and she was—as budget chairs, and we put together a 2-year deal. Then John Boehner and President Obama put together a 2-year deal. And then we just recently put together a 2-year cap deal.

So, we have sort of demonstrated that we can put together 2-year deals, 2-year spending cap deals that work. But now we want to have, I think, an appropriations process that follows that kind of a track.

So, the way I look at these things is take a look at the record we have. I am just going to read from my notes here. Last fall, the House passed all 12 appropriation bills on time. This is the first time the House has done that since 2009. The last time the House and the Senate passed all 12 appropriation bills on time was in 1994.

So, 12 percent of the current Members were here for that. I was a think tank staffer at the time. Twelve percent of the people in the House were here the last time we passed all 12 appropriation bills. So, we have an entire generation of people’s Representatives have become accustomed to, if not acclimated to, a failed budget process. So, we have basically taken this failed budget process as just the way things work, and there is nothing you can do about it.

Let’s reject that kind of thinking. Let’s reinvigorate a budget process. And I am just simply giving you a suggestion as a person...
who has observed this process for many, many years. And if this body comes together and presents a plan for reinvigorating the budget process, I really believe we will—we can get buy-in. And I would like to think that the Members of Congress who have known nothing but budget dysfunction would love and welcome the day and the opportunity to actually have a reinvigorated, workable, practical budget process where every Member of Congress has more franchise, more influence, more say-so. And that means the taxpayer is going to be more respected at the end of the day.

So, I really believe, as a person who fought to create this Committee in the last omnibus appropriations bill, I think that you have a great opportunity in front of you. I think a lot of these ideas are bipartisan. In the old days, as in, like, 10 years ago, it used to be appropriators against budgeteers or against authorizers. This doesn’t have to be to the case. This does not have to be appropriators versus other Committees because the appropriators themselves are losing their ability to effect change.

When we do these omnibus appropriation bills, we are taking the pen away from the appropriators and writing these bills with just a few people. By having a biennial process with six bills, the appropriators write those bills. The appropriators go to conference Committee. You have a budget process that is more likely to be adhered to. And so that to me seems like one of the sweet spots we could have with a bipartisan, bicameral compromise to make this budget process work. And I simply submit this for your consideration. And I hope you really come up with something that we can take and be proud of and restore this branch’s power of the purse.

And, with that, thank you very much.

[The prepared statement of Paul Ryan follows:]
Testimony to the Joint Select Committee on Budget and Appropriations Process Reform
House Speaker Paul Ryan
June 27, 2018

Thank you, Co-Chair Womack and Co-Chair Lowey. I very much appreciate the opportunity to address this committee.

In some way, it brings me back to my own days chairing budget reform hearings.

Of course, this panel has a much bigger, and more urgent, task. As things stand, we are simply falling well short. We continue to fail the taxpayer, but worse, we continue to set ourselves up to fail.

It is clearly time for a new approach.

I testify today as someone who has been on both ends of this process. As Budget Chairman, I recognized, and often lamented, that the budget process was broken. Not until I became Speaker did I realize just how broken the process truly was.

Whenever there is a new Speaker, there are hopes for a better process. Members clamor for more influence and more input. Given my committee background, I have certainly shared, and worked to implement, this imperative. On any number of legislative priorities, from tax reform to the farm bill to the highway bill, committees take the lead on major legislation, and see it through.

The budget and appropriations process begins with the same good intentions, if not the best foundation. The timeline is always tight, even under the best of circumstances, leaving little to no room for detours.

Invariably, the process seizes up, and not long after, falls apart. As the clock ticks down, the final decisions are kicked up to leadership, which kicks back a final measure that members find unsatisfactory.
Even ‘organized chaos’ would be too generous a description of all of this.

To me, all these omnibuses and continuing resolutions are little more than local anesthetics. The pain goes away, but the problem does not. It just feeds on itself, fueling pessimism on all sides. Members become less engaged, and the public becomes more disenchanted.

With each stumble, we are handing over more spending decisions to the executive branch. We are squandering our oversight duties as an institution. We are abdicating one of our most fundamental constitutional responsibilities: the power of the purse.

As an unapologetic optimist, I believe we can solve any tough problem, even this one. The reforms we need are bold, but they are right in front of us. We have been debating them for years, decades even.

We may not be able to change the deadlines, but we can change the calendar. Look at what we are doing right now, trying to get an entire appropriations process done in a span of--what--four months?

**Biennial budgeting** offers a path to rewriting the process, not just reforming it. It makes budgeting an ongoing process instead of all these demoralizing fits and starts. It brings renewed transparency and accountability, setting us up to be better stewards of taxpayer dollars.

These proposals have taken a number of forms over the years. In multiple Congresses, I introduced the *Biennial Budgeting and Enhanced Oversight Act.*

One recent proposal, offered by Chairman Enzi, calls for a budget resolution that covers both years, with half of the appropriations measures considered in the first session, and half in the second session. I strongly support this idea.
If properly implemented, this will empower members to do a deeper dive on the most troublesome issues and enhance their ability to oversee the executive branch. It will reinvigorate member participation in the budget and appropriations process.

It will enhance the importance of reconciliation, which is absolutely critical to addressing mandatory spending and the major drivers of our debt.

We know from recent history--from the budget accord Sen. Patty Murray and I reached in 2013 to the one Congress enacted earlier this year--that two years is about the timespan for congressional agreements on discretionary spending. So let’s make this our standard practice.

Now I know that, no matter how good the idea is, there are always real obstacles to implementing reforms. But there is no substitute for political will in solving our structural budget problems. This panel was given a mandate to produce recommendations, and it is comprised of leaders from the committees of jurisdiction.

I would also note that it is extraordinary--quite possibly unprecedented--to have both the Speaker and the Minority Leader testify before the same committee on the same day. This should serve as a signal of how seriously we take your work.

Consider the stakes here. Last fall, the House passed all 12 appropriations bills on time--the first time we had done that since 2009. But the last time both the House and the Senate passed all 12 bills on time was in 1994. Only 12 percent of the current members were here for that. I was a think-tank staffer at the time.

A generation of the people’s representatives have become accustomed to, if not acclimated to, a failed budget process.

This has to change, and soon.
That is why I urge this committee to reach a bipartisan consensus, and submit recommendations to the full Congress.

Do not underestimate your ability to move this dialogue forward. Do not underestimate your capacity to lay the groundwork for long-term reforms. Do not squander this opportunity to advance one of the single biggest things we can do for the American taxpayer.

I stand ready to assist this panel in any way I can.

Thank you for taking on this task.
Co-Chair Womack. We appreciate your comments this morning, Mr. Speaker.
To be respectful of your time, do you have a couple of minutes—

Speaker Ryan. Sure.

Co-Chair Womack.—in the event that any of our members would like to ask a question.

The chair would recognize anyone that might have a question for the Speaker this morning.

Anyone?

Senator Bennet.

Senator Bennet. Thank you, Mr. Speaker.

Thank you. I just would ask for your impression about how—what has caused the centralization that you described? Why have so many Members of Congress yielded to so few the decisions that are made around here about budgeting and, you know, sort of made themselves props in somebody else's play?

Speaker Ryan. Yeah. That is a good question.

So, a House guy could easily go beat up the Senate for having cloture and motions to proceed and all of the rest of that. But I will resist the temptation.

I think it is easier to push decisions elsewhere and not own the consequences. I think if we have a structure that has a chance of that—see, I think people gave up on thinking the appropriation process works. I think people gave up thinking we are going to do 12 bills.

First of all, think of the calendar. You get the President's budget in March. Then you have a statutory deadline by April 15th to pass a budget resolution, which gives you the budget instructions, the 302(a)s, which then the Committee goes and writes the (b)s. And then you may start your appropriations process, hopefully as early as May but probably not until June. And you have got to get 12 appropriation bills done through the House and the Senate conference before September 30.

So, the thing backs up, and it just doesn't work. And so most Members just don't think it is going to happen. So, they don't invest themselves into participating in a process that is going to yield results because they just know the calendar just doesn't work. So that is why I believe if you have a biennial budget with the caps already sort of preordained—you know, every 2 years you rewrite those caps; I would encourage annual reconciliation, but you have an appropriations process that can start earlier, and you have half as many bills to do—I believe Members will have more faith and confidence that they can actually get the work done. So, they will actually participate and get involved in actually getting a good product. Because what invariably happens is we do a CR to buy us a little more time. And then we have the appropriators kind of write their bills and move it up. And then it comes to, you know, the Speaker, the minority leader, the majority leader and the minority leader in the Senate. And then we put together some massive bill.

That is not a good way to run government. The power is too—I am the person who gets the power. I don't want it. It is too concentrated. It is not how government should work because the per-
son who is the Chairman and ranking member of the Energy and Water Committee are spending time after time in hearings reading GAO reports, listening to inspector generals. They know their jurisdiction better than anybody else. They know how these bills should be written. They know how taxpayer dollars are being guarded or not. And they should write the bills, not somebody who is, you know, juggling every other thing in Congress. That, to me, is the breakdown in the process.

And by having the executive branch come to an Appropriations Committee where they know that that Committee is going to be writing their bill, I think the executive branch is going to be far more responsive to the legislative branch and the power of the purse because they know it is not going to be some omnibus. They know it is going to be that person I am looking at across the rostrum is going to be writing my Appropriations bill. I think they are going to make our government far more responsive and accountable if that is the case.

Co-Chair WOMACK. Once again, Speaker, we appreciate you being here. And, again, to be respectful of your time, I know you have other appointments to deal with. Your insight is valuable, and we appreciate the fact that you led on getting this joint select Committee established and charging us with the responsibility of coming to a solution.

Do you want to say something very quickly?

Ms. Lowey.

Co-Chair LOWEY. I want to thank you also, Mr. Speaker, because I really think if we can talk through these issues, hopefully, we will make major changes in the process.

But I want to emphasize one point again. And I mentioned in my opening statement. In my judgment, the root causes often lie in deep divisions over policy combined with misplaced priorities, partisanship, and polarization. And as an example, I just recently met with Senator Shelby, and it hasn't been completed, but they are working together, swimmingly. No poison pills. They are moving through the process, getting ready to bring the bills to the floor.

Now, I agree the process isn’t over. But compare that with the Senate and the process—we all work together, but each of our bills are loaded with poison pills. So that is something that we really have to think about.

Speaker RYAN. Well, I won’t do much of a retort other than I am expecting a big bipartisan vote on the defense appropriation bill this week. We had bipartisan support, not as much as we would have liked on the three appropriation bills we already passed a couple of weeks ago.

But you are right. We are going to have differences of opinions on these things. Labor-H is a perfect example. But let’s have it on its own. Let’s have those fights. Let’s have those votes. Let’s have those amendments. Let’s have those conference Committees. That is the way the process should work.
And, again, Ms. Lowey, you are constricting the process. If we just say, “This isn’t going to happen, let’s just kick it all upstairs, let’s just put it in a big omni and have a bill that is this big that spends this much,” that is not good government no matter how we disagree on individual riders.

Co-Chair LOWEY. Perhaps we can talk again another time.

Thank you for appearing before us.

Speaker RYAN. Thank you.

Co-Chair WOMACK. Thank you, Mr. Speaker.

I am now pleased to welcome our next witness, the distinguished leader of the House minority, gentlelady from California, Nancy Pelosi.

Representative PELOSI. Good morning, Mr. Chairman.

Co-Chair WOMACK. Welcome, Madam Leader. And we are going to give the floor to you. And then we will be respectful also of your time in potential Q&A.

The floor is yours.

STATEMENT OF THE HON. NANCY PELOSI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Representative PELOSI. Thank you very much, Mr. Chairman, Madam Chair. Thank you to members of the Committee from both sides of the House. I am very encouraged by the fact that this discussion is taking place. I think it is very important and long overdue. I do believe that a budget should be a statement of our national values. What is important to us as a Nation should be how we allocate our resources and that that budget process that we are engaged in should be something that is respected as we go forward into the appropriations process.

I have a different view on some of these subjects than the Speaker because I come here as a long-time appropriator. I heard the perspective of a Ways and Means Committee person, but I do believe that 2 years for the budget, 1 year for the appropriations legislation is the appropriate route to go.

It was music to my ears to hear the Speaker say that he didn’t think we should have legislation on appropriations bills. Of course, that is what upsets the apple cart and all the smooth workings of the Appropriations Committee. I have always said, left to their own devices, the appropriators, in a bipartisan way, know how to allocate resources, respect each other’s points of view, and can come to a balance that is important for the Congress. It is when the legislating on appropriations bills that enters into it, which started in the late 1990s—I don’t say that you never should have one piece of legislation on an appropriation bill. You shouldn’t have it unless there is bipartisan agreement that, for whatever reason, this engine is leaving the station; in the national interest, we need to move something immediately by a must-pass, must-sign bill.

But that is not what is happening in this case. And that, in my tenure on appropriations, which goes way back, was what made the difference between a smooth running of appropriations instituting the budget agreement or not.

The Speaker said very eloquently that people on these Committees know their briefs, oversight responsibilities on the Appropria-
tions Committee. And left again to its own devices, I think it could do a very good job.

So, a few principles I want to put forth. First, I do believe that when we have sent Members to any of the discussions on budget, we just say go—be agnostic. Just go into that room, put growth in the middle of the table, and say, what will promote growth, create good-paying jobs, and reduce the deficit? Those are our standards. We don't give you any assignment to say do this, do that. Growth, good-paying jobs, reduce the deficit.

I do think that we should return in that light to pay-as-you-go budgeting, which Republicans abandoned in favor of creating huge deficits and then using those deficits for another purpose, cutting Medicare—Medicare and Social Security. I will get to that in a moment.

Second, we should amend the reconciliation process so it never is used to increase the deficit. So, it is never to increase the deficit in the budget window.

And, third, Republicans should do no harm. None of us should do harm to the process. We must pass constitutional amendment—not pass constitutional amendments or implement cap limits on mandatory spending. And they must stop using the budget resolution as a messaging document to call for unspecified and unrealistic spending cuts not included in the reconciliation instruction. I don't want to waste your time. I am being very direct in what I am recommending.

We hear people blaming Medicare, Medicaid, and Social Security for the record deficits and debt levels, but the driver is simple demographics, not extravagant spending. For example, I think it is important as we go forward that we note the reality of the demographics. We reduce the replacement rate in Social Security when the average retiree benefit is only $1,400 a month. Medicare does not cover vision, dental, or hearing benefits; does not have an out-of-pocket limit. Most of the elderly has a form of supplemental coverage costing around $150 a month. So, it is not about extravagance on that end. Medicaid is by far the least generous initiative in terms of reimbursing providers.

The elderly population—now, this is the demographic issue. The elderly population will double between 2010 and 2035. The elderly population increasing from 40 million to 80 million people, from 13 percent of the population to 20 percent of the population. In fact, demographics account for 80 percent of the increase in outlays for these initiatives from fiscal year 2018 to 2028.

I am sticking to my notes on some of this in the interest of time—because I could go on. In light of these demographic shifts, we need to work on a bipartisan basis to reduce health spending. We are proud of what we did in the Affordable Care Act, slowing annual Medicare spending program per capita from 2.3 percent in the 5 years prior to the enactment of ACA to a negative 0.3 percent in the year since enactment. We must build on that progress through far stronger reform than those proposed by the Trump administration. We need to allow Medicare part D—we have been trying to do this for years. We need to allow Medicare part D to negotiate lower drug prices, push payments and delivery reform
through Medicare and Medicaid innovation center, and work toward paying for value rather than volume of health services.

This should not be a partisan debate. Hardworking families across the country cannot afford the skyrocketing cost of healthcare today. When we passed the Affordable Care Act, in terms of budgeting, if everybody loved their healthcare and their health insurance, we still had to do it because of cost: cost to the individual, cost to small business, cost to corporate America, cost to the public sector. We simply could not afford the escalating rate of increase. As I said before, reduce that, but the cost of prescription drug is still the biggest obstacle to levelling all of that.

So, to return to responsible budgeting, I encourage Congress to move toward the 2-year budget agreement. I agree with the Speaker on that. Maintain annual appropriations. I agree with Congresswoman Lowey on that. And do not adopt automatic continuing resolutions. Imagine that we had five CRs between last year and when we passed our omnibus.

We must make it easier to pass debt limit increases. That shouldn’t be taking up time, debate, and leverage. Members have attempted to hold the country’s credit hostage to individual demands, risking grave consequences for our economy and our country and our credit rating. Even when we didn’t do it, just talking about it lowered our credit rating. We should urge the Senate to adopt the Gephardt rule. The Gephardt rule enabled that just to go through that, as the Constitution says. The full faith and credit of the United States is not in doubt; just have it go through. So, we take that off the table.

While some pay lip service to the principle of fiscal responsibility, we have fought to put our fiscal house in order. I am very proud that, in the 1990s, President Clinton put us on a trajectory of job growth. We come back to that, job growth and smaller deficits, despite inheriting a massive deficit. The last four Clinton budgets were in surplus or in balance.

President Clinton handed President Bush a projected $5.6 trillion 10-year budget surplus. But when you do away with the pay-as-you-go, that surplus was squandered again with massive tax cuts for the wealthy that did not—two unpaid for wars, not negotiating for Medicare prescription drugs, all of that, according to the CBO, is what added to the deficit.

The tax cuts and spending sprees exploded the deficit, plus a new $5 trillion—that is an $11 trillion turnaround. We went from $5 trillion plus on a path to reducing the debt to $5 trillion additional debt. $11 trillion turnaround. We cannot—this fiscal recklessness cannot continue.

Passing a tax scam for the rich—I will express my disagreement with that—has increased the deficit. And it has not—it has increased the deficit, and it is going to be at the expense of Medicare, Medicaid, et cetera.

When the President took office, he said the current services projection of deficit over the period for fiscal year 2018 to 2027 was $9.4 trillion. Now, due to the Republican tax bill, the CBO’s latest current services projection that they send here is over $2.3 trillion larger. It just can’t continue with that to a staggering—the reckless giveaways have exploded the projections for the annual average
deficit to 8.4 percent of GDP. The deficit, not the debt, the deficit to 8.4 percent of GDP.

So, in this—where we find common ground: 2-year budgeting. What I would advocate as an appropriator, very important, to have 1-year—the annual appropriations bills. What I think is problematic to that is the massive legislation, sometimes in the form of poison pills, that are being placed on these bills. It almost makes us want to make everybody be a member of the Appropriations Committee. It is no use for other Committees to exist because we can just pile it on the Appropriations Committee and in a way, that is not bipartisan. I don't think either party should do it.

So, Members of Congress must honor our responsibility to make smart investments, promote growth, create good-paying jobs, reduce the deficit, and do so in a way that keeps the deficit under 3 percent of GDP when the economy is healthy while driving strong, again, sustainable growth.

I thank you for your attention to this important issue. I hope that—just looking at this Committee, I think that there is real opportunity for you to do something that will make more efficient, more predictable, more timely the process. But, again, it is all about our values, what is important to us as a Nation.

We have sufficient time in our Committees of authorization to debate the policy. That shouldn't be something that is placed—you know, appropriating is policymaking in itself. There is enough going on there. But to use the appropriations process as a vehicle for poison pills and partisan policymaking, it just discredits the responsibility we all have.

When I was a little girl, my father was a member of the Appropriations Committee. He would talk in his political speeches in Baltimore about the all-mighty powerful Appropriations Committee. As a very little girl, not even in grade school yet, it would, to me—all-mighty powerful, that was only identified in one way, in a heavenly way. And now it was attributing it to the Appropriations Committee.

Let's have the Appropriations Committee retain its power, assume no more, and be responsive to a responsible bipartisan budget resolution.

Thank you for the opportunity to share some thoughts with you. Again, it is no use wasting your time. I thought I would get right to some clarity of thinking on my part to propose.

[The prepared statement of Nancy Pelosi follows:]
Pelosi Remarks at Joint Select Committee on Budget and Appropriations Process Reform

Washington, D.C. — House Democratic Leader Nancy Pelosi testified at the House Joint Select Committee on Budget and Appropriations Process Reform hearing entitled 'How to Significantly Reform the Budget and Appropriations Process.' Below are the Leader's remarks:

Leader Pelosi. Thank you very much, Mr. Chairman [Steve Womack], Madam Chair [Nita Lowey]. Thank you very much to the Members of the Committee from the both sides of the House, I'm very encouraged by the fact that this discussion is taking place. I think it's very important and long overdue.

I do believe that a budget should be a statement of our national values. What's important to us as a nation should be how we allocate our resources, and that budget process that we're engaged in should be respected as something that we go forward into the Appropriations process.

I have a different view on these subjects than the Speaker because I come here as a long-time Appropriator. I heard the perspective of a Ways and Means Committee person, but I do believe when you're two years for the Budget, one year for the Appropriations legislation is the appropriate route to go.

It was music to my ears to hear the Speaker say that he didn't think he should have legislation on Appropriations bills. Of course, that is what upsets the apple cart in all of the smooth workings of the Appropriations Committee. I have always said, left to their own devices, the appropriators in a bipartisan way know how to allocate resources, respect each other's points of view, and can come to a balance that is important for the Congress.

It is when the legislating on appropriations bills that enters into it, which started in the late nineties. I don't say that you should never have legislation on appropriations bills — you shouldn't have it — unless there's bipartisan agreement that for whatever reason this engine is leaving the station. In the national interest we need to move something immediately on a must pass, must sign bill. But that is something that is not happening in this case. And that, in my tenure on Appropriations, which has gone way back, was what made the difference between a smooth running of Appropriations instituting the budget agreement or not.

The Speaker said very eloquently that the people on these Committees know their brief. We have oversight responsibilities on the Appropriations Committee, and left again to its own devices, I think again it could do a very good job.
So a few principles I want to put forth. First, I do believe that -- when we have sent Members to any of the discussions on Budget, we just say, 'Be agnostic. Just go into that room, put growth into the middle of that table, and say what will promote growth, create good-paying jobs and reduce the deficit.' Those are standards, we don't give you any assignments to say, 'do this, do that.' Growth, good-paying jobs, reduce the deficit.

I do think that we should return to pay-as-you-go budgeting, which Republicans abandoned in favor of creating huge deficits, and then using those deficits for another purpose -- cutting Medicare, Social Security and Medicaid, I'll get to that in a moment.

Second, we should amend the reconciliation process so that it's never used to increase the deficit, so that it's never used to increase the deficit, in the budget window.

Third, Republicans should do no harm -- none of us -- to the budget process. We must not pass constitutional amendments or implement capped limits on mandatory spending, and they must stop using the budget resolution as a messaging document to call for unspecified and unrealistic spending cuts not included in the reconciliation instruction.

I don't want to waste your time. I'm being very direct in what I'm recommending.

We hear people blaming Medicare, Medicaid, Social Security for the record deficits and debt levels, but the driver is simple demographics, not extravagant spending. For example, I think it's important that we go forward, that we note the demographics. We've reduced the replacement rate in Social Security, and the average worker retiree benefit is only $1,400 per month.

Medicare does not cover vision, dental or hearing benefits, does not have an out-of-pocket limit. Most of the elderly has a form of supplemental coverage costing around $150 per month. So, it's not about extravagance on that end. Medicaid is by far the least generous initiative in terms of reimbursing providers.

The elderly population -- now this is the demographic issue -- will double between 2010 and 2035, increasing from 40 million to 80 million, from 13 percent of the population to 20 percent population. In fact, demographics account for 80 percent of the increase in outlays for these initiatives from fiscal year 2018 to fiscal year 2028.

I'm speaking to my notes on some of this in the interest of time, because I could go on.

In light of these demographic shifts, we need to work on a bipartisan basis to reduce health spending. We were proud of what we did in the Affordable Care Act, slowing annual Medicare spending program per capita from 2.3 percent in the five years prior to the enactment of the ACA to a negative 0.3 percent in the years since enactment.

We must build on that progress, through far stronger reforms than those proposed by the Trump Administration. We need to allow Medicare Part D -- we've been trying to do this for years -- we need to allow Medicare Part D to negotiate lower drug prices, push payments and delivery reform through the Medicare and Medicaid Innovation Center, and work toward paying for value rather than the volume of health services.

This should not be a partisan debate. Hard-working families across the country cannot afford the skyrocketing cost of health care today.
When we passed the Affordable Care Act—in terms of budgeting—if everyone loved their health care and their health insurance, we still had to do it in terms of cost. Cost to the individual, cost to the small business, cost to corporate America, cost to the public sector. We simply could not afford the escalating rate of inquiries. As I said, we could reduce that, but the cost of prescription drug is still leveling all that.

So, to return to responsible budgeting, I encourage Congress to move toward two-year budget agreements—I agree with the Speaker on that—maintain annual appropriations—I agree with the Congresswoman (Nita) Lowey on that—and do not adopt automatic continuing resolutions. Imagine that, we had 5 CRs, between last year and when we passed our omnibus.

We must make it easier to pass debt limit increases, that shouldn’t be taking up time, debate and leverage. Members have attempted to hold the country’s credit hostage to individual demands, risking grave consequences to our country and economy and our credit rating, even when we didn’t do it, just talking about it lowered our credit rating. We should urge the Senate to adopt the Gephardt Rule—the Gephardt Rule enabled just to go through. As the Constitution says, so full faith and credit is not threatened, just have it go through. So we take that off the table.

While some pay lip service to fiscal responsibility, we have fought to put our fiscal house in order. I am very proud that in the 1990s, President Clinton put us on a trajectory of job growth—we come back to that, job growth and smaller deficits despite inheriting a massive deficit.

The last four Clinton budgets had a surplus or were in balance. President Clinton handed President Bush a projected $5.6 trillion ten-year budget surplus, but when you do away with the pay-as-you-go, that surplus was squandered, again, with massive tax cuts to the wealthy that did not—two unpaid-for wars, not negotiating for Medicare prescription drugs, all of that according to the CBO is what added to the deficit.

Tax cuts and spending sprees exploded the deficit plus a new $5 trillion dollars—that is an $11 trillion turnaround—we went from 5 trillion-plus on a path to reducing to the debt to five trillion additional debt, 11 trillion dollar turnaround.

This fiscal recklessness cannot continue. Passing a tax scam for the rich, I’ll express my disagreement with that, has increased the deficit—and increased the deficit—and it will be at the expense of Medicare, Medicaid etcetera. When the President took office, he said the current services projection for the deficit for the fiscal year 2018 to 2027 was 9.4 trillion. Now due to the Republican tax bill, the CBO’s latest current services project for the same year is over $2.3 trillion larger. It just can’t continue with that to a staggering—the reckless giveaways have exploded the projections of the annual average deficit to 8.4 percent of GDP—the deficit, not the debt: 8.4 percent of GDP.

So, where we find common ground, two-year budgeting. What I would advocate for as an appropriator, very important to have annual appropriations bills. What I think is problematic is the massive legislation, sometimes in the form of poison bills that being placed in these bills. It almost makes us want to make everybody a Member of the Appropriations Committee. If it’s no use for other committees to exist because we can pile it all on the Appropriations Committee, and in a way that is not bipartisan. I don’t think either party should do it.
So, Members of Congress must honor our responsibility to make smart investments, promote growth, create good-paying jobs, reduce the deficit — and do so in a way that keeps the deficit under 3 percent of GDP when the economy is healthy, while driving strong and sustainable growth.

Thank you for your attention to this vital issue. I think this is an opportunity for you to do something that will make more efficient, more predictable, more timely, the process. But again it’s all about our values, what’s important to us as a nation. We have sufficient time in our Committees of jurisdiction, authorization to debate the policy. That shouldn’t be something that is placed — you know, appropriating is policy making in itself, there’s enough going on there, but to use the appropriations process as a vehicle for poison pills, and partisan policy making it just discredits the responsibility that we all have.

When I was a little girl, my father was a Member of the Appropriations Committee, he would talk in his political speeches in Baltimore about the almighty, powerful Appropriations Committee. As a very little girl, not even in grade school yet, it was to me, almighty powerful. Only identified in one way, in a heavenly way and now it was now attributed to Appropriations Committee.

Let’s have the Appropriations Committee retain its power, assume no more, and be responsible to bipartisan budget resolution. Thank you for the opportunity to share some thoughts with you.

Again, it’s no use wasting your time, I thought I’d get right to some clarity of thinking on my part, to propose.

Thank you for your leadership and your good work and good luck in your deliberations. Hopefully a nice bipartisan advance will spring from your good work.

Thank you so much.

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Press Release Link: https://www.democraticleader.gov/newsroom/62718-8/
Co-Chair WOMACK. We truly appreciate your insight here this morning. Does the gentlelady have time for maybe a question or comment or two?
Representative PELOSI. Sure.
Co-Chair WOMACK. Does anybody——
Representative PELOSI. If anybody has one.
Co-Chair WOMACK——on the Committee have a question or wish to make a comment?
Hearing none.
Representative PELOSI. Thank you.
Co-Chair WOMACK. Thank you very much for your time.
Representative PELOSI. Thank you for your good work. And good luck in your deliberations. Hopefully a nice bipartisan advance into the cause will sprin from your good work.
Thank you so much.
Co-Chair WOMACK. Thank you so much.
Representative PELOSI. Thank you.
Co-Chair WOMACK. At this time, we will welcome our next witness. He is the Democrat whip in the House, the gentleman from Maryland, Steny Hoyer.
Mr. Hoyer we appreciate the opportunity to hear from you this morning. We will hear your testimony. And then, if time permits, may have a question or two.
The floor is yours, sir.

STATEMENT OF THE HON. STENY H. HOYER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Representative HOYER. Thank you very much for welcoming me, Chairman Womack and Co-Chair Lowey. I appreciate very much this opportunity to share my thoughts with the Joint Select Committee on the Budget and Appropriations Process Reform. In context, I served actively on the Appropriations Committee for 23 years. Obviously, I am on leave for some years now.

In the few minutes I have, Mr. Chairman, I want to talk about three important areas where reform ought to occur. The first is congressionally directed spending. Now, this may not sound like some great reform issue to people. But as somebody who served on the Appropriations Committee, I see it as a critically important connection to my district, that I can respond to the needs of my district, which I believe I know as well as any other person and certainly any other person in the executive department.

Members of Congress know their districts, as I said, better than anyone of the Federal agencies and better than the Appropriations Committee as a whole. When Republicans came into the House majority in 2011, they made a mistake by eliminating congressionally directed spending through changes in their conference rules. Unfortunately, they also changed the Gephardt rule.

My own view, Mr. Chairman, is the debt limit ought to be eliminated. It is a phony issue. It lends itself to gamesmanship and brinksmanship which is harmful to our country and not honest with the American people. They both gave up Congress’ constitutional power of the purse to the executive branch and made it more difficult to forge consensus in major legislation.
It is true that some Members abused the process in the past. That is why, when Democrats came into the majority 2007, we reformed the process to make it transparent and to hold all Members accountable by showing the public which Member sponsored each item, requiring Members to certify they had no financial interest and published all requests on their websites and blocking for-profit entities from receiving them. This Committee should consider bringing back congressionally directed spending, at a minimum, with the Democrats’ successful reforms and others to make it more transport if you thought that was necessary.

The second area, Mr. Chairman, I want to address is paying for what Congress buys. The problem is not spending. The problem is not taxing. The problem is paying for what we buy. That is the discipline in the system. And to the extent that we allow ourselves to simply borrow to buy what we want to buy, that discipline disappears. I would suggest to you it also has disappeared in tax cuts. To give a $1.5 trillion headroom is simply to give additional debt credence. If you had to pay for that, if you had to offset it by spending cuts either to mandatory or to discretionary spending, that would be discipline in the system. But we have eliminated the discipline in the system.

This Congress ignored the statutory paygo rule, law that Democrats enacted in 2010, and the current House majority replaced the effectively House paygo rule. I would suggest to you, when we were operating under paygo, we balanced the budget. We balanced the budget because, frankly, Republicans limited spending. Clinton wouldn’t allow tax cuts, and the economy exploded. Those three things are why we balanced the budget four years in a row.

The House Republican alternative to cut—of CutGo only deals with spending which left the door open for this majority to pass a tax law that raised deficits by $1.8 trillion last December and trillions more over the period it has been a House rule.

Paygo deals with both spending and revenues in a balanced way. To pretend that it is only spending and not the cut in revenues that put you in the hole is dishonest. This allows Congress full flexibility to make our collective political decisions as to the best mix of policies to offset the cost of any new legislation.

Third, any budget process will only be successful if there is the political will to follow it. Pretending the process will solve this problem is a delusion. The current process had been effective when Congress chose to pursue it. If the Budget Committee were allowed to do its job and did it honestly and responsibly and not simply as a political message—no party is immune from passing budgets that are simply and solely political messages without relevance to reality—it would be the legislative branch’s loudest voice in setting overall long-term fiscal policy if we would be honest.

Too often, in recent years, the Budget Committee has been sidelined, only called upon when the majority decided reconciliation instructions were necessary to force through partisan legislation. Last year’s tax law was a perfect example of abusing the budget process by using a tool intended for deficit reduction ironically to be one of the largest deficit increases that I have voted on in my 37 years in the Congress of the United States.
Mr. Chairman and Madam Co-Chair, I should note that it is not my assessment of the fiscal impact of that legislation. It is the combined assessment of the Congressional Budget Office and Joint Committee on Taxation. Collectively, we must rely on their status as nonpartisan arbiters in order for any budget process to function as intended. Mr. Chairman, just yesterday, we heard from the CBO that our debt as a share of the economy is set to double over the next three decades.

Mr. Chairman and Madam Co-Chair, I have three children. I have three grandchildren, and I have four great-grandchildren. The fiscal policies we have been pursuing are not only fiscally bankrupt; they are morally indefensible. I hope that this Committee will include in its recommendations a restoration of transparent accountable congressionally directed spending that restores Congress’ constitutional role and a return to the proven enforcement of paygo.

I also hope that, in making recommendations, you also recognize that, at the end of the day, regardless of what changes you make or propose, in order to be effective, Congress has to want to follow whatever process it creates for itself.

We have biennial budgeting. We call it the fixes to our structure of saying that we are going to spend at a certain number. And then we say that doesn’t work. That is unrealistic. It was good message. It was good pretense. And then we change it. We make a 2-year rule to suspend, sequester, which is a complicated word, which starts with S which stands for stupid. It is up to the majority to see that through, to set the tone, even when it is not convenient.

The Speaker said he wanted to consider things one at a time. He thought the Committees had the advantage. Yes. Then bring those bills discretely to the floor, and let them be considered one by one. It is inconvenient, particularly when you don’t want to vote on the Labor-Health bill; you don’t want to vote on the Defense bill. You package them. You hide them. You dissemble.

As you can tell, Mr. Chairman, I feel pretty passionately about this because I think neither side has come to grips with the real problem, and that is we don’t follow fiscal discipline. We pretense. We talk. But then it becomes too difficult because life and budgeting is a series of tradeoffs, and we don’t like to make tradeoffs because tradeoffs sometimes cost you political capital. You can do all the debate you want about process. But if we don’t have the will to do what is right fiscally, our people will not be well served.

Thank you, Mr. Chairman.

[The prepared statement of Steny Hoyer follows:]
Joint Select Committee on Budget & Appropriations Process Reform – Member Day

Hearing

Prepared Testimony of Democratic Whip Steny H. Hoyer, June 27, 2018

"Thank you, Co-Chairs Womack and Lowey. I appreciate the opportunity to share my thoughts with the Joint Select Committee on Budget and Appropriations process reform. In the few minutes I have, I want to talk about three important areas where reform ought to occur.

"The first is congressionally directed spending. Members of Congress know their districts better than anyone at federal agencies and better than the Appropriations Committee as a whole. When Republicans came into the House Majority in 2011, they made a mistake by eliminating congressionally directed spending through a change in their Conference rules. They both gave up Congress’s constitutional power of the purse to the executive branch and made it more difficult to forge consensus on major legislation.

"It’s true that some Members abused the process in the past. That’s why, when Democrats came into the Majority in 2007, we reformed the process to make it transparent and to hold all Members accountable by showing the public which Member sponsored each item, requiring Members to certify they had no financial interest and published all requests on their websites, and blocking for-profit entities from receiving them. This Committee should consider bringing back congressionally directed spending with- at a minimum- Democrats’ successful reforms.

"The second area I want to address is paying for what Congress buys. This Congress has ignored the statutory PAYGO law that Democrats enacted in 2010, and the current House Majority replaced the effective House PAYGO rule. The House Republican alternative of “CUTGO,” only deals with spending, which left the door open for this Majority to pass a tax law that raised deficits by $1.8 trillion last December and trillions more over the period it has been a House rule. PAYGO deals with both spending and revenues in a balanced way. This allows Congress full flexibility to make our collective political decision as to the best mix of policies to offset the cost of any new legislation.

"Third, any budget process will only be successful if there is political will to follow it. The current process has been effective when Congress chose to pursue it. If the Budget Committee were allowed to do its job and did it honestly and responsibly and not simply as a political message, it would be the legislative branch’s loudest voice in setting overall long-term fiscal policy. Too often in recent years, the Budget Committee has been sidelined, only called upon when the Majority decided reconciliation instructions were necessary to force through partisan legislation.

"Last year’s tax law was a perfect example of abusing the budget process by using a tool intended for deficit reduction, ironically, to use it to add trillions to deficits. I should note: that is not my assessment of the fiscal impact of that legislation. It is the combined assessment of the Congressional Budget Office and Joint Committee on Taxation. Collectively, we must rely on their status as nonpartisan arbiters in order for any budget process to function as intended.

"I hope that this Committee will include in its recommendations a restoration of transparent, accountable congressionally directed spending that restores Congress’s constitutional role and a return of the proven enforcement tool, PAYGO. I also hope that, in making recommendations, you all recognize that, at the end of the day, regardless of what changes you propose, in order to be effective, Congress has to want to follow whatever process it creates for itself. And it is up to the Majority to see that through and set the tone, even when it is not convenient. Honesty, discipline, and courage will determine whether the “process” is worth talking about.

"I thank the Co-Chairs and all the members of this Committee again for this opportunity to testify."
Co-Chair WOMACK. I appreciate the comments of the Democrat whip in the House.

Are there any members who have a question?

I will throw one at the distinguished gentleman from Maryland, and that is, in your discussion, you talked about three things, the third topic, that being the political will. One of the things this Committee has discussed numerous times and is under consideration, the concept of carrots or sticks, whatever it is. What can we do to motivate, influence in a positive way the kind of outcomes that we are looking for versus holding Congress accountable with a series of consequences for failing to do its job?

Where is the Democrat whip on the subject of positive reinforcement or some kind of consequence as a means of bringing us to the political will to make these changes?

Representative HOYER. You mean beyond “atta boy, good job, that was the right thing to do,” I presume.

Co-Chair WOMACK. Beyond optics. It has got to be beyond optics.

Representative HOYER. I think the paygo is where you get to the rubber meets the road. It is where you—if you want to cut taxes, if you think, you know, we are spending too much and we ought to cut revenues, fine. Cut spending. Don’t cut taxes and then never cut spending. We don’t cut spending. It is that we have different views of what spending ought to be on.

I noted to the majority leader: zero rescissions in defense. Zero. Raise your hand—and I am saying this rhetorically; I don’t want to put you on the spot—if you think there is not zero rescissions in $700 billion dollars we give to the defense fund. Of course not. So, you spend—some parties spend it here; some parties spend it here. But we spend it.

If you had paygo, if you really had to make choices, they would be tough choices. And we ought to make those tough choices. And the only way you make them is bipartisan way. And we don’t do things bipartisan way.

When I was, frankly, the majority leader, we passed all 12 appropriation bills seriatim, one at a time, prior to the end of August—excuse me—the end of the July break, or might have been the first week in August.

So, I am not sure what you mean the carrots and sticks. But what we ought to do is discipline ourselves and have the will to be honest with the American people, to tell them there is not a free lunch, to tell them: If you want a tax cut of $1.8 trillion, then there is going to be a tradeoff. Something is going to give. It is not going to be we are going to grow the economy, and wonderful things are going to happen. CBO is saying that has not happened. The economy is showing that has not happened. It is not going to happen. It didn’t happen in 1981 when I came here. It didn’t happen in 2001, in 2003. We were promised great things were going to happen. We had the deepest, worst economy that I have experienced, that anybody in this room has experienced starting in December of 2007.

So, what I am saying, Mr. Chairman, is process is terrific. Will and courage are what is needed: to be honest with the American people and with ourselves and say there is no free lunch. We are not going to cut revenues, and all of a sudden, magically we will
have the resources necessarily to defend our country, to grow our economy, to feed our people, to make sure that America is all that it can be. That is what I am saying, Mr. Chairman.

Co-Chair WOMACK. I appreciate your comments.
Any other questions?

Representative HOYER. Thank you very much.

Co-Chair WOMACK. Thank you, sir.

Delighted to introduce our next witness, the gentleman from Tennessee, Senator Bob Corker. Sir, it is great to have you in front of the Joint Select Committee this morning.

Again, as I said earlier, your written comments will be made part of the record. And we will give you the adequate amount of time to make your case this morning before this Committee, and we appreciate you being here.

STATEMENT OF THE HON. BOB CORKER, A UNITED STATES SENATOR FROM THE STATE OF TENNESSEE

Senator CORKER. Thank you. Thank you for holding these meetings. And I appreciate what you are doing. I will be very brief. I know we all are a little bit behind schedule.

First of all, I came to Washington 11½ years ago. And one of the focuses was on fiscal issues. And what I have learned is that Democrats and Republicans both like to spend money. They just like to spend it on different things. I became a member of the Budget Committee a few years ago. It has been the biggest waste of time one can possibly imagine. It has nothing to do with the leadership of the Committee. It is that it is nothing but a political tool each side uses. There is no policy put behind the changes.

And as I have said to Senator Perdue and others, Senator Whitehouse, we ought to actually do away with the Budget Committee because it performs no useful function as it relates to causing us to be fiscally sound.

Secondly, we major in the minors. There is all this talk about appropriations. So, we spend the entire year focusing on 30 percent of what we spend, which, again, is majoring in the minors; 70 percent of the money we spend is on mandatory spending. These are programs that people are counting on, especially during the latter years of their life, and we do nothing whatsoever to ensure that they are going to be fiscally sound.

Everything ought to be, in my opinion, on budget, everything, including Social Security, which would cause us to focus on the fact that, in the not-too-distant future, it is going to be fiscally unsound.

So, you know, again, there is a lot of talk and a lot of work that goes into appropriations and budgeting each year, but we major in the minors. The appropriations process is, you know, that we have authorizing Committees that have absolute—almost nothing is authorized. And so, seriously, we ought to consider combining the authorizing functions and the appropriating functions together. It ought to be one.

I talk to people on the foreign ops side. I am Chairman of the Foreign Relations Committee. And there may be a little of hyperbole here, but they tell me they spend about 5 hours putting together over $50 billion worth of spending whereas the authorizing
Committee itself spends all year doing hearings. It is totally ridiculous.

So, look, I think you have got a big task. I would say, first of all, put everything on budget—everything. Look at combining the operations of both authorizing and appropriating. Do away with the Budget Committee and let a few leaders decide what the caps are going to be over the next couple years and quit using the budget itself as a political tool.

Beyond that, I really don’t have many comments.

[The prepared statement of Bob Corker follows:]
Senator Bob Corker
Joint Select Committee on Budget and Appropriations Process Reform
June 27, 2018

Thank you. Thank you for holding these meetings. And I appreciate what you are doing. I will be very brief. I know we all are a little bit behind schedule.

First of all, I came to Washington 11 1/2 years ago. And one of the focuses was on fiscal issues. And what I have learned is that Democrats and Republicans both like to spend money. They just like to spend it on different things. I became a member of the Budget Committee a few years ago. It has been the biggest waste of time one can possibly imagine. It has nothing to do with the leadership of the Committee. It is that it is nothing but a political tool each side uses. There is no policy put behind the changes.

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Beyond that, I really don't have many comments.
Co-Chair WOMACK. We appreciate the gentleman for his appearance here this morning.

Any questions?

Senator WHITEHOUSE. If I may.

Co-Chair WOMACK. Senator Whitehouse. Welcome.

Senator WHITEHOUSE. Senator Corker joins me on the Budget Committee. So, he knows whereof he speaks. And I wanted to thank him for his work on the Budget Committee. He is one of the reform-minded folks.

Before we entirely get rid of the Budget Committee, at least in the Senate, I think we should give it one last chance. And as I have said in my earlier comments and in the proposal that I have shared with the Committee, I think there is a chance to create a bipartisan path that would actually have to be bipartisan in order to be taken that would take into the account the mathematical elements of the budget, all of them, healthcare spending, tax spending, the whole bit, and see if the Budget Committee can work together to get a bipartisan agreement that picks a debt-to-GDP safe point out in the future, figures out how long it will take to get there, creates that glide slope, creates alarm bells for that glide slope, and then, in a bipartisan basis, you know, polices us towards a safe and sustainable landing.

If we can do that, then I think we will have done the task that the Budget Committee was originally established to do. Now it is simply a support system for a reconciliation measure that allows a simple majority for a project of the majority party, period, end of story.

For that, it is not worth keeping it. But I do think that there is a step between getting rid of the damn thing and its current parlous state where we can give it one last chance to see if it can produce a sensible bipartisan result. And I would like to hear Senator Corker’s response to——

Senator CORKER. Yeah. I think you may be putting off the inevitable. But I want to say that you and Senator Perdue have done great work together. You have very ideological—you all are vastly different in your view of the world, and yet you all have worked together to come up with some processes that I think could well work.

With Senator McCaskill a few years ago, I introduced the CAP Act, which capped spending at a percentage of GDP. And I think you all are looking at something very similar as it relates to total indebtedness. So, I would encourage this Committee to look at the work the two of you are doing.

But everything has to be on budget, I think we would have to agree. And the problem is, as you mentioned, we use reconciliation with 50 votes, but it takes 60 votes in the Senate to put policies in place. So, there is never policy follow up to the budget proposals. I mean, just to talk about my side of the aisle, when you do away with ACA but you keep the revenues that ACA is generating, obviously, it is a hoax. And the other side of the aisle does the same thing.

So, I hope that you will be very successful in this. This is the greatest threat to our Nation. There has been a lot of talk about the tax issues. And, obviously, from my perspective, it could have
been done a little bit better. Then we turned right around and passed a spending bill that raises deficits $2 trillion over the next 10 years, and we don't even talk about it. So, both sides are guilty of huge deficits. Both sides like to spend money, just on different things. But the processes we have will never, as they are now constructed, do the things we want to do as a country.

So, thank you all very much, and thank you for your work.

Co-Chair WOMACK. Thank you, Senator Corker, for your testimony this morning.

The next witness I would like to welcome, the ranking member on the Defense Subcommittee of the House, Appropriations Committee, distinguished gentleman from Indiana, Pete Visclosky. Welcome, sir. The floor is yours.

Representative VISCLOSKY. Chairman, thank you very much. And I understand my entire statement is entered into the record.

Co-Chair WOMACK. That is correct.

STATEMENT OF THE HON. PETER J. VISCLOSKY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Representative VISCLOSKY. I will begin by taking a dangerous path in answering the question I have not been asked. You asked the minority whip about possible incentives, carrots and sticks, to have Members of Congress abide by some form of discipline. I will suggest to you our incentive is our responsibility to the next generation and have the discipline to make the hard decisions that my parents' generation made for me.

The second point I would make is I came here 41 years ago and began my career as a staffer on the Appropriations Committee. At this moment in time, I absolutely agree with Senator Corker. If you would make one change tomorrow, I would get rid of the Budget Act of the 1970s. The fact is you have so few people—and think about your experience—on that Committee who are charged with making the hard decision of raising revenue, the hard decision of the expenditure of those revenues in an effective and an efficient manner that people make assumptions.

I am the ranking Democrat on Defense Appropriations. DOD does not run on assumptions. It runs on hard decisions. There is nothing in any rule today in either body that prohibits us from getting our work done. And no rule or law we could create is going to imbue Members of Congress with the political will to act.

I do not believe our budget and appropriations process is broken. Instead, it shows what happens when we avoid making decisions in a disciplined fashion. Some would point to the use of a 2-year deal, like multiple bipartisan budget acts of the past half-decade. However, I would argue that moving to a biennial budget does not fix the root cause of our unpredictable funding timelines but simply creates severe risk to good governance as it has become Congress' habit to only pass bipartisan legislation on the eve of a governmental crisis. Our problems do not lessen if we just drag out that process for 2 years instead of 1. Agencies already tell us how hard it is to execute funds when they receive appropriations 5 months late. Let's give them 2 years to drag this process out, and it will simply give agencies more time to fill our request with out-of-cycle demands.
Let us take the fiscal year 2018 Defense Appropriations bill as an example. The House of Representatives voted for that bill five times before it became law last March.

Representative VISCLOSKY. It was comparatively painless for Members of Congress. However, it wreaked havoc in the Department of Defense.

Just one example. The National Guard exercises had to be canceled, which affected over 102,000 service personnel.

There is nothing in the current rules that make this happen except an absence of intestinal fortitude.

By potentially reducing the required interactions between Congress and the executive agencies by extending the process to 2 years, we also sacrifice, I believe, the most up-to-date and accurate information about how American taxpayers’ dollars are spent, relinquishing our specified constitutional responsibility.

An example from this year. This year has brought several executive branch trade enforcement changes, including tariffs on steel and aluminum. These actions have resulted in unexpected workloads for agencies. Both the House and Senate Appropriations Committees have been in constant contact with those agencies regarding the resources that are now needed to effectively manage these immediate changes.

Regardless of what any of your position is on the tariffs, I think we can all agree that effective management of policy changes is key to the daily functioning of our government.

Let’s change the rules and that is going to solve our problem. We did that in 2010 with the Budget Control Act, and we had sticks. Nobody in their right mind would allow us to shut down the government or have sequestration. And the fact is, on four different occasions since 2010 Congress has set aside that act for 7 out of the last 8 years, because it does not work.

We have our defense appropriations bill on the House floor last night and today again. If we do not address that rule change of 2010 between now and October, we have $71 billion that are going to be taken off that budget for the Department next year, so they are writing two different budgets.

The rule change certainly solved our problems.

I would simply say that the intervening 8 years have proven that absent a commitment to governing in a sober, deliberative, and well-intentioned fashion, this problem is not going to be solved.

I believe we can solve the so-called budget problem if we approach the appropriations process in a serious manner, if we finally come together to meaningfully address entitlements that now consume two-thirds of our budget and prevent investment in the future and finally recognize, as my home State of Indiana has done, that a reasonable amount of new revenue is necessary if we are truly going to invest in the future of our children.

Thank you very much, Mr. Chairman.

[The prepared statement of Peter J. Visclosky follows:]
Chairman Womack and Chairwoman Lowey, thank you for the opportunity to submit my testimony. I appreciate the effort that you and the other Members of the Select Committee are undertaking.

As you know, managing the budget and appropriations is one of Congress’s fundamental responsibilities as enumerated in the Constitution. President Franklin Roosevelt once stated that “it is the duty of the President to propose and it is the privilege of the Congress to dispose.” While I grew up in a neighborhood in which many homes had a portrait of FDR on their wall, I have to disagree with our 32nd President. I believe it is the privilege of the President to propose and the duty of the Congress to dispose. And our timeliness and quality in the disposition of that duty dictates how well our country will run.

Specific to the House Appropriations Committee, I am proud of our traditional bipartisan approach to ensure funding is properly and reliably allocated and spent consistent with the will of the American people. Our oversight is vital in safeguarding the responsible management of our nation’s hard-earned taxpayer dollars.

As the Ranking Member on the Appropriations Subcommittee on Defense and a long-time member of the Subcommittee on Energy and Water, my colleagues have heard me go on for some length describing my concerns that Congress has become unable to enact appropriations bills anywhere close to the start of the fiscal year.

However, I do not believe this means our budget and appropriations process is broken. Instead, it shows what happens when we avoid making decisions in a disciplined fashion as
allowed under current House rules. We continue to defer action because some of my colleagues
don’t want to make tough choices and others simply scorn those in the public service.

Today, special procedures, budget gimmicks, and political theater are used to advance partisan goals instead of engaging in honest debate and difficult compromise. Further, we consume ourselves in *temporarily* putting aside misguided laws like the Budget Control Act (BCA). Multiple Congresses have somehow managed to alleviate the BCA caps for seven of its eight years, but those fixes only occurred after severe disruption. The penalties of not alleviating the caps, namely government shutdowns and sequestration, have proven to be ineffective in keeping our discipline and timeliness. Unless another BCA fix is crafted, we will see a major reduction in discretionary funding in fiscal years 2020 and 2021. Rather than permanently fix the terrible BCA, we have created a “new normal” of gridlock and disruptive temporary measures, like continuing resolutions (CRs), because we are so short-sighted and eager for political wins.

I take this manufactured unpredictability very seriously. We know this is a major obstacle to the effective planning and execution of vital programs, not only for our federal agencies, but also for our state, private sector, and international partners.

Some would point to the use of 2-year deals, like the multiple Bipartisan Budget Acts of the past half-decade, as proof that the annual budget and appropriations process should transition to a 2-year cycle. However, I would argue that moving to a biennial budget does not actually fix the root cause of our unpredictable funding timelines, but creates severe risks to good governance.

As it has become Congress’s habit to only pass bipartisan legislation on the eve of a governmental crisis, our problems do not lessen if we are just going to drag our feet for two years instead of one. Agencies already tell us how hard it is to execute funds when they receive appropriations five months late. How much do we solve if we move to 2-year appropriations process wherein funding allocations are 13 months late? Creating a more drawn-out process will
not guarantee Congress will stick to timelines, but would just give us more time to fill with more off-cycle requests.

Take for example the FY 2018 Defense Appropriations bill, which the House voted on five times from July to March for political theater. While those scripted votes occurred, the Department of Defense (DoD) was forced to find ways to mitigate the effects of five CRs and a government shutdown. Though comparatively painless to Congress, these events wreaked havoc on the DoD. Planned National Guard exercises, which affected over 102,000 servicemembers, had to be cancelled, forcing DoD and civilian employers to try to find ways to make up this training. There is nothing in the current rules that “make” this happen except an absence of a little intestinal fortitude.

The FY 2018 Omnibus, enacted in March 2018, contained provisions to allow limited flexibility to DoD in expending funds that were severely impacted by the very late enactment. However, these fixes do not even come close to replacing the carefully crafted spending plans that involve servicemembers, their families, military equipment, and civilians which all contribute to our national security. To paraphrase my friends at the DoD, this is readiness that cannot be bought back.

Again, some may argue that episodes like these could be avoided by providing funds up front for a longer appropriations horizon. However, this perspective forgets that our oversight responsibility must be timely and constant. By reducing the required interactions between Congress and the executive branch agencies, we sacrifice the most up-to-date and accurate information about how American taxpayer dollars are spent, making it even more difficult for us to assess whether we are spending money appropriately.

By lessening this type of communication, we would effectively reduce the influence of Congress in the appropriations and oversight process. For example, this year has brought several executive branch trade enforcement changes, including tariffs on steel and aluminum. These actions have resulted in unexpected workloads for several agencies. Both the House and Senate Appropriations Committees have been in constant contact regarding resources that are needed to
effectively manage these changes. Regardless of your position on the tariffs, we can all agree that effective management of policy changes is key to the daily functioning of our government. By adopting a biennial deal, Congress would willingly relinquish their management responsibilities specified under the Constitution.

Further, willingly accepting less frequent information would increase errors in budgeting and deficit projections. Without timely information, a fear of underfunding would encourage many to give agencies more freedom and greater discretion over even larger pots of money.

For those who still believe in Congress’s key role in oversight, our recourse should be to draft appropriations bills as we have historically done – with a seriousness of purpose and by maintaining the efficiency that a 1-year deal brings.

We can solve the “Budget Problem” if we approach the appropriations process in a serious manner, if we finally come together to meaningfully address entitlements that now consume two-thirds of our budget, and recognize – as my home state has – that a reasonable amount of new revenue is necessary if we are to truly invest in the future of our nation. No rule prohibits this from happening today – only a lack of will.

In closing, I would point out that in 2010, Congress fundamentally changed how it approached the budget. However, the intervening eight years have proven that rule changes do nothing absent a commitment to govern in a sober, deliberative, and well-intentioned fashion.

I encourage this committee to consider the root causes of the problems we face in today’s budget and appropriations process. I agree that we must find a solution to have a timely and responsive process, but we should not do so at the expense of the responsibilities specified to us in the Constitution.

Thank you.
Co-Chair WOMACK. I appreciate the gentleman from Indiana for his testimony here this morning.

I am pleased to welcome our next witness. We had scheduled in tandem both Rob Bishop of Utah and Devin Nunes of California. I know Mr. Bishop has got other commitments this morning. So, we are pleased to welcome Representative Nunes from California.

Sir, thank you for being here this morning.

Representative Nunes. Thank you, Mr. Chairman.

Co-Chair WOMACK. We will give you the floor for 5 minutes, sir.

STATEMENT OF THE HON. DEVIN NUNES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Representative Nunes. It is great to be here, and I will be brief, but I will make my points. But I want to also add that Mr. Bishop had a Committee hearing that he had to begin at 10 o'clock and he had to be there. That is why he had to leave. But he is strongly in favor of this proposal that I am about to outline for the Committee here.

This is something that I offered before the Republican Conference began in the beginning of this Congress, and it actually received 40 percent of the vote within our Conference. I think it failed largely because people get used to sitting on a Budget Committee, sitting on the Appropriations Committee, and they didn’t want to make change.

And, look, this is a big change that I am proposing here, because it would essentially abolish all the Committees and combine the authorizing Committees and the appropriations Committees.

So, on the House side, which is what we would control, it would create 14 appropriating and authorizing Committees. There would be five select Committees. Every Member on the House side would be able to choose two of those Committees.

And the Budget Committee would actually—you might like this, Mr. Chairman, being Chairman of the Budget Committee—the Budget Committee would become, I think, fairly powerful. It wouldn’t meet very often, but it would be made up of the Committee chairmen and the ranking members, so that there was actually real authority pushing that power down to the authorizing and appropriating Committees.

One of the concerns that was raised at the time by some of the Members when we lost that vote 60-40 in our Conference was that a lot of our Members, even though knowing they sit on three authorizing Committees with absolutely no power, some didn’t vote for it, because they said: Well, I am in line to be Chairman of whatever authorizing Committee, even though I know you are doing the right thing.

So, one of the things that we want to make sure of in this proposal is that, whether you are on the Appropriations Committee or their authorizing Committee, you would keep your seniority and you would fall in line with whatever Committees you fall under. So, there would have to be a fair process put in place for that.

I will just close by another example just last night. I chair the Intelligence Committee, and last night in the Defense Appropriations Committee there are several provisions that allow authorizing
on the defense appropriations bill that will be on the floor this week. And once again, that will happen, despite the objections from myself and the members of my Committee.

So, this is never going to get fixed until we decide to pull it out by the roots and start anew. And I think that all Members, at least on the House side—I can't speak for the Senate side because I have never served in the Senate—but on the House side I think it would really allow Members to actually participate, hold the executive branch accountable, have real power.

Because you guys may not admit this publicly, but I will tell you that nobody in the executive branch takes any of us seriously unless you are an appropriator and a senior appropriator. If not, all they do is feed you a line, they know they are going to wait you out, and nothing ever gets done.

So sorry for those of you who only serve on authorizing Committees, but nobody really cares if you are here or not.

And with that, I will yield back.

[The prepared statement of Devin Nunes follows:]
Congressman Devin Nunes  
Joint Select Committee on Budget and Appropriations Process Reform  
June 27, 2018

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So sorry for those of you who only serve on authorizing Committees, but nobody really cares if you are here or not.

And with that, I will yield back.
Co-Chair WOMACK. I thank the gentleman from California for his testimony this morning. Thank you, Devin.
Representative NUNES. Thank you.
Co-Chair WOMACK. Our next witness, the gentleman from Pennsylvania, Representative Keith Rothfus.
Good to have you here, sir. The Committee looks forward to your testimony. And the floor is yours.

STATEMENT OF THE HON. KEITH J. ROTHFUS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Representative ROTHFUS. Mr. Chairman, thank you, Co-Chairwoman, thank you for the opportunity to testify before this Committee, and thank the members of this Committee for this very challenging work that you have ahead of you.

Here in Washington we hear so much about how our system is broken and Congress doesn’t work, but I don’t think we understand how profoundly broken it is. In the over four decades under our current budgeting process, Congress has only passed all 12 appropriation bills on time four times. Think about that. Failing to follow regular order isn’t the exception, it is the norm.

Due to this chronic failure, we in Congress are forced to vote on massive omnibus packages and continuing resolutions, often with very little time to read them. We are constantly presented a false choice between voting on these cumbersome bills or letting the government shut down. In effect, Members are given 1 vote instead of 12 votes or even hundreds of votes on the opportunity to offer amendments.

When we are voting on legislation hundreds of pages long with very little notice, we cannot accurately represent what we see in our districts. This haphazard budgeting process also makes it virtually impossible to actually prioritize spending in any meaningful way while our national debt continues to explode.

Further, it seems every time we pass one of these monstrosities, we hear about more provisions that seemingly nobody knew were included.

This is absurd and needs to change. Issues should be debated on their merits one at a time. We should have ample time to dissect and read all bills considered. And we should allow for feedback from our districts before taking the vote.

It is for these reasons in previous years that I introduced the Pay for Performance Act. This legislation would have withheld pay for either Chamber if they failed to complete all 12 appropriation bills on time.

There may be a better way to incentivize these bodies to get their work done. Perhaps no August recess until appropriation bills are done.

We need an incentive like this to get our process back in order. Or maybe we need a new process entirely. Either way, a 90 percent failure rate is unacceptable by any metric and we should demand better.

Government is going to be funded, we know that. If it is not going to be funded on September 30, it is going to be funded by October 20 or November 18 or December 22 or February 18. This is an act of the will.
We know deadlines are coming. Every taxpayer in this country knows that April 15 they have to file something. Even if they have to file an extension, they have to pay taxes too.

We know government is going to be funded. There is no reason why we can’t get this done by September 30.

I sincerely thank everybody for this work that you are undertaking. I encourage you to look at this from different angles. I was just listening to Chairman Nunes and his suggestions.

We have 12 appropriations bills that lump different agencies together. Is that the best practice? You need to take a look at that.

Should there be more types of bills? We can vote on these things. You take a bill, the one we considered last week where we did—or a couple weeks ago when we did the minibus, or even you look at something like the Labor-HHS, which combines three agencies. Should these be divided further?

We also need a process where we can be having discussions about some binary choices and prioritizing. That is what families around this country do around the dinner table. If you have an emergency at home, you might have to put off resealing the driveway so that you know that the lights are going to stay on or the plumbing stays on.

We need a mechanism of some sort where if we want to increase funding in one area, we should be able to ask that that could come from another area, and it shouldn’t necessarily happen in the same appropriations bill. There may be something I want to propose for an increase in Labor-H, but I would want to pay for it out of another bill. There is no mechanism to do that.

So, again, I applaud this Committee for the work that you are undertaking. I encourage you. And I look forward to further interaction with this Committee and I look forward to your reports.

Thank you.

[The prepared statement of Keith J. Rothfus follows:]
Co-Chairman Womack, Co-Chairman Lowey, and Honorable Members of the Committee:

- Thank you for holding this important hearing today on a subject of such significance to our constituents.

- Here in Washington we hear so much about how our system is broken and Congress doesn’t work, but I don’t think we understand how profoundly broken it is.

- In the over four decades under our current budgeting process, Congress has only passed all 12 appropriations bills 4 times.

- Think about that – failing to follow regular order isn’t the exception, it’s the norm.

- Due to this chronic failure, we in congress are forced to vote on massive omnibus packages and continuing resolutions – often with very little time to read them.

- We are constantly presented a false choice between voting on these cumbersome bills or letting the government shut down.

- When we are voting on legislation hundreds of pages long with very little notice, we cannot accurately represent our districts.

- This haphazard budgeting process also makes it virtually impossible to actually cut spending in any meaningful way while our national debt continues to explode.
• Further, it seems every time we pass one of these monstrosities, we hear about more provisions that seemingly nobody knew were included.

• This is absurd and it needs to change.

• Issues should be debated on their merits one at a time, we should have ample time to dissect and read all bills considered, and we should allow for feedback from our districts before taking a vote.

• It's for these reasons that in previous years I introduced the Pay for Performance Act.

• This legislation would have withheld paychecks for either chamber if they failed to complete all 12 appropriations bills.

• Perhaps an incentive like this is needed to get our process back in order – or maybe we need a new process entirely.

• Either way a 90% failure rate is unacceptable by any metric and we should demand better.

• It is our duty as lawmakers to listen to our constituents and get back to a process that is efficient, transparent, and democratic.

• Again, I sincerely thank you for the opportunity to testify before the Committee, and I look forward to working with all my colleagues on improving how Congress works.

• I welcome any questions that you may have.
Co-Chair Womack. Thank you very much, Representative Rothfus, for your testimony this morning.

We are going to stay in Pennsylvania. Our next witness is Representative Lloyd Smucker from Pennsylvania 16.

Representative Smucker, we appreciate the opportunity to hear from you this morning. The floor is yours.

STATEMENT OF THE HON. LLOYD SMUCKER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Representative Smucker. Thank you, Chairman Womack and Chairwoman Lowey, Members of the Joint Select Committee on Budget and Appropriations Reform. Thank you for the opportunity to testify before you today.

First, I would like to begin by extending my sincere appreciation for the work of this select Committee. You all have been tasked with accomplishing an incredibly important job, fixing the broken Federal budget process.

As a freshman member of the House Budget Committee, I have received quite an education over the last 18 months about how we conduct business here in Congress. We lurch from one CR to the next, an average of four per year. Since our budget process was last overhauled in 1974, the government has been shut down more than 20 times. In fact, the 12 required appropriations bills have passed on time just once in 43 years.

Particularly when contrasted with my experience as a business owner and then as a State legislator in Pennsylvania, I think it is fair to say that the wheels have completely come off our annual budgeting process. But you already know that and you know the results: a crushing debt that threatens our security and our economic vitality, a system that is failing the American people, and a rather bleak outlook for our kids and grandkids if we can’t change the trajectory.

We come here to solve big problems, and it is not too late to place this country on a sound fiscal path. We can do it and we must.

I have come to believe that it must start with reforming the process. We must reform the budget process and reform the way Congress works to achieve the results that we need. And I also happen to believe that this commission is our best opportunity in a long time to do so.

My purpose today is to share the experience of a commission in the Pennsylvania Legislature that worked, that took on a similar systemic long-term problem and found solutions.

In fact, it had worked so well that I thought it was a good model to tackle budget reform and before the establishment of this select Committee had introduced legislation that would have established a similar joint commission.

My hope is that sharing how it worked in Pennsylvania will spark a few thoughts or ideas that could be useful to you in your work and your ultimate success.

So just a little background. The Committee in Pennsylvania was the Basic Education Funding Commission and it was tasked with determining a new formula to distribute education dollars to 500 districts all across the state.
Everyone agreed, similar to what we have here, that the current system was completely broken, but multiple attempts to fix it over a period of 30 years had produced absolutely no results.

The Commission was formed, worked for about 16 months, then provided a unanimous recommendation, which was taken up by the legislature, then passed and signed into law by the Governor. As chair of the State Education Committee at that time, I was a member of the Commission and sponsored the final bill.

Several things about the Commission were important and may be helpful. The makeup of the Committee was important. It was bipartisan and bicameral. It was an inside Committee like this, three members from each party and each house, including the chairs of the relevant Committees. It also included three members of the executive branch, including the Budget Secretary and the Education Secretary. All of the key decisionmakers were in the room and were included in the process.

The process itself was equally important. All deliberations were open and were transparent. And in our case, we held multiple hearings across the State, inviting anyone who wanted to participate to testify and provide input, including experts from other States, educators, and even members of the general public. That not only provided the best thinking available, but also created a loud echo chamber across the State and by and from all stakeholders.

Remarkably, the work of the Commission in Pennsylvania spanned two administrations, Republican and Democrat. Members from the executive branch changed midway through the process. Even so, the recommendation was unanimous and was fully endorsed by the new Governor.

Sticking to the original purpose of the Commission was also critical. It was tasked with finding a formula, but during hearings received a lot of pressure to increase the scope of its work. We worked really hard to keep the goal narrowly focused on the specific problem that we wanted to fix.

While your commission may not be designed in exactly the same way as ours in Pennsylvania, I know it can work and that you can make a difference. I applaud you for your work and believe this is the best opportunity we have to fix the broken Federal budget process and deliver real systemic and meaningful budget reforms.

I look forward to the work that you are doing and to supporting you in the best way that we can in the legislature. We share a common goal of wanting to fix the troubled state of our Nation's fiscal health, and that starts with reforming the broken Federal budget process.

Thank you.

[The prepared statement of Lloyd Smucker follows:]
The Honorable Lloyd Smucker  
Member of Congress  
16th Congressional District of Pennsylvania  

Members’ Day Hearing  
Joint Select Committee on Budget and Appropriations Reform  
June 27, 2018

Co-chairs Womack and Lowey, Members of the Joint Select Committee on Budget and Appropriations Reform, thank you for the opportunity to testify before you today.

First, I would like to begin by extending my sincere appreciation for your work on this select committee.

I am hopeful that the establishment of this bicameral and bipartisan committee will lead to a meaningful discussion on the failed state of the federal budget process and result in real, systemic budget reforms that work for the American people.

As a member of the House Budget Committee, I am committed to putting our nation on a sustainable economic path that leads to greater prosperity for future generations. In my opinion, that starts with reforming the broken federal budget process.

Our nation is currently amid a national debt crisis that continues spiraling out of control. The national debt currently stands at $21 trillion and continues to grow because we are simply not budgeting within our own means. We cannot continue down this road.

In my opinion, one of the leading factors to our national debt crisis is our broken and outdated budget process. The broken system fails to hold Congress accountable for its negligent spending activities and has no enforcement tools with actual teeth to ensure fiscal responsibility.

Although I am a freshman Member of Congress, in my short time here, I have been frustrated by the fact that Congress often continues to govern from one funding crisis to the next, often under the threat of a federal government shutdown. This is simply unacceptable to the American people and should be to us as well.

To put this into perspective let’s look at the facts.

The congressional budget process was established forty-three years ago by the Congressional Budget and Impoundment Control Act of 1974.

Under our current budget process, all 12 appropriations bills have passed on time just four times in 43 years — that’s once every decade.

The federal government has been fully funded on time just once in the last 21 years.

On average, the federal government passes 4 continuing resolutions every year.
And since the establishment of our current budget process, the federal government has shut down more than 20 times.

This continuous cycle of last-minute, bloated spending deals prevents Congress from properly evaluating the efficiency of federal programs – and therefore unjustly saddles taxpayers with unpaid bills for our children and grandchildren while wasting current taxpayer funds.

In the short-term, this irresponsibility threatens funding for education, environmental protection, infrastructure, healthcare or any other legislative priorities. Most importantly, current spending behavior threatens our national security and this has been attested by Pentagon officials.

That is why I strongly believe that this select committee should explore solutions that prevent government shutdowns.

I introduced the Government Shutdown Prevention Act – legislation that would provide for an automatic continuing resolution (CR) for any appropriations bill not completed before the end of the fiscal year. If a budget is still not completed within 120 days after the CR, funding levels would be reduced by one percent, and again by 1 percent after each subsequent 90-day period.

This select committee should explore solutions like mine that include an automatic continuing resolution in your package of solutions to ensure that we keep the lights on, but also hold Congress’ feet to the fire. We simply should not allow American taxpayers and federal employees to be held hostage by Congress’ inability to pass funding bills through regular order. Plenty of “no budget, no pay” proposals exist to consider.

Besides this important change, I would also recommend making the budget resolution a law that is signed by the President each year. That way the budget is not simply an aspirational document of potential policy proposals, but rather a binding legal document that holds our body accountable for maintaining agreed upon spending levels.

I also encourage this committee to explore potential reforms that increase inclusiveness and transparency in the budget process so American taxpayers know where their hard-earned tax dollars are going.

Finally, we need to start making tough decisions to protect and preserve the federal programs that millions of Americans rely on. No longer can Congress kick the can down the road - we must get serious about solving the issues facing our mandatory spending programs.

Mandatory spending growth is currently the biggest contributor to our national debt and accounts for 70 percent of federal spending. This select committee must address mandatory spending to improve our fiscal trajectory and any reasonable recommendations will include some effort to do so.

According to the Congressional Budget Office, four of the major trust funds are expected to run out in the next 13 years if no action is taken by Congress. We must get serious about addressing this problem before these critical programs become insolvent. This is no longer a children or grandchildren problem – it’s a “now” problem.
I look forward to the opportunity to work with all of you in the upcoming months as you draft recommendations to fix the broken federal budget process. We share a common goal of wanting to fix the troubled state of our nation’s fiscal health – and that starts with reforming the federal budget process.

Thank you, and I yield back.
Representative Smucker, for your testimony this morning. Our next witness is the gentleman from Ohio, Representative Warren Davidson.

Representative Davidson, the Committee appreciates the opportunity to hear from you this morning. And with that, the floor is yours. Please engage your microphone. And you have got 5 minutes for testimony.

STATEMENT OF THE HON. WARREN DAVIDSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Representative Davidson. Thank you, Chairman, and thanks to the full Committee. I really appreciate your attention to this. And we are all in the same boat, but you guys are doing the work.

I really could spend the whole time talking about how important it is to move past the broken Budget Control Act of 1974 and to do just really basic things, like have a meaningful Gantt chart that shows what can happen in parallel and what can happen sequentially, so that we get our work done on time, as the country should expect us to do.

I couldn't emphasize how important it is that we put everything on appropriations, not just some things, and the autopilot has got us headed for a crash.

But one of the more meaningful things that I think we could do in reform is to understand how our accounting department works. Essentially, the Congressional Budget Office serves as our accounting department. Each of us doesn't have one of these functions in our office. And, unfortunately, most of the time we don't even, as individual Members, have access to real reports from accounting. They might give us the final summary, but they won't show us the details.

And so, I think the Congressional Budget Office should fully embrace our Show Your Work Act, and I ask that you would.

I have received some feedback about some concerns and would love to try to address a few of those. For background, the Joint Select Committee on Budget and Appropriations was established by this act. So, we have got a process to review things.

The CBO has an incredibly important role in providing budget and cost analysis for legislation in Congress. Given the weight of these scores Members of Congress have to use for policy decisions, it should be a top priority that CBO standards are of the highest possible quality so that they may provide the best possible analysis for policymakers.

When CBO fails to accurately predict the impact of policies, legislators lack the resources to make educated decisions.

Examples include healthcare. Upon passage of the Affordable Care Act, CBO projected 21 million people would be enrolled in the exchanges in 2016. In reality, roughly 10 million people signed up, making for an overshot of 120 percent.

In the healthcare debate in 2014, CBO predicted Medicaid expansion would cost $42 billion in 2015. The reality was $68 billion, about 62 percent higher.
And most recently on tax reform, projected that the economy would only grow by 0.4 percent extra because of tax reform. We see the results are meaningfully different than that.

So, what the legislation does is it requires CBO to publish online all data, models, and processes utilized in their analysis and scoring. It specifies that data and information provided must be sufficient so that individuals outside of CBO can understand, replicate, and reproduce the results found within. Essentially, this is the same thing that academics expect and it would come with some of the same safeguards.

CBO should not be allowed to disclose certain datasets. Instead, they would publish a complete list of data variables for that data, including descriptive statistics, averages, standard deviations and correlations, a reference to the statute or rule preventing them from disclosing, for example, personally identifiable information, and the contact information for the individual or entity that has unrestricted access to the data.

So, for example, we wouldn't need to know the contents of everyone's tax return or, frankly, the detailed pricing of any one pharmaceutical. We would need to know aggregate data to be able to simulate the model. We might not need to know how an individual company priced their drugs to model prescription drugs, for example.

The bill is very important because it would allow the same sorts of review that go on in normal companies. Accounting departments have healthy debates. They have accountability that comes from the board questioning the accounting department.

If you ask a leader of a business unit how to steer the business unit, it is unfathomable that the leader of that business unit wouldn't be able to go to the accounting department and get a detailed answer as to why that was the cost model if you tried to apply this to the corporate world.

I believe we are owed it, as Members of Congress, individual Members, and I certainly believe that the American people are owed it. And I hope that you can find a way to address the concerns that have been expressed that are valid about how to protect personally identifiable information or proprietary information.

But the American people need to know how our accounting department derives their recommendations so that it can be truly respected as the nonpartisan entity that it is.

Thank you.

[The prepared statement of Warren Davidson follows:]
Joint Select Committee on Budget and Appropriations Process Reform
Testimony

CBO has an incredibly important role in providing budget and cost analysis for legislation in Congress. Given the weight these scores have on the ability of members of Congress to make policy decisions, it should be a top priority that CBO’s standards are of the highest possible quality, so that they may provide the best possible analysis for policymakers.

When CBO fails to accurately predict the impact of policies, legislators lack the resources to make educated decisions. Examples include:

- Healthcare: Upon passage of ACA, CBO projected 21 million people would be enrolled in the exchanges in 2016. In reality, roughly 10 million people signed up making for an overshot of 120%.
- Healthcare: In 2014, CBO predicted Medicaid expansion would cost $42 billion in 2015. In reality, the actual cost was $68 billion, about 62% higher

Along with Senator Mike Lee, I introduced H.R.3822 - CBO Show Your Work Act to increase transparency, accountability and accuracy of the CBO’s projections.

What the Legislation Does:

- Requires CBO to publish online all data, models, and processes utilized in the analyses and scoring of legislation.
- Specifies that the data and information provided must be sufficient so that individuals outside of CBO can understand, replicate, and reproduce the results found within the CBO scores.
- Should CBO not be allowed to disclose certain datasets then they must instead publish:
  - A complete list of data variables for that data, including descriptive statistics, averages, standard deviations, correlations, etc.
  - A reference to the statute or rule preventing them from disclosing the data, and
  - The contact information for the individual or entity who has unrestricted access to the data

Why this Bill is Important:

Reputable academic institutions around the world, in a wide variety of fields, increasingly require scholars to “show their work” before they are allowed to publish findings. For example, the American Economic Association’s “Data Availability Policy” reads:
“It is the policy of the American Economic Association to publish papers only if the data used in the analysis are clearly and precisely documented and are readily available to any researcher for purposes of replication.”

The most recent healthcare debate highlights the need for this legislation. It is important that CBO adopts this widely accepted and acknowledged data availability standard so that Members of Congress, outside experts, and any individual can understand CBO’s methodology and raise concerns about its limitations.

Concerns:
There are some concerns that increased transparency may prevent companies from sharing information which may improve the accuracy of CBO’s predictions. I am happy to work with the budget Committee to prevent anything in my bill from being construed to require CBO to release information that would jeopardize the accuracy of its models.
Co-Chair WOMACK. Thank you, Representative Davidson, for your testimony this morning.

Our next witness is Representative French Hill, my distinguished colleague from Arkansas, a member of the Financial Services Committee.

The gentleman from Arkansas is recognized for 5 minutes.

STATEMENT OF THE HON. J. FRENCH HILL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

Representative Hill. I thank the Chairman. I congratulate the Chairman on a great victory by Arkansas last night in his district. I know he stayed up late watching that game.

Co-Chair WOMACK. Go Pig Sooie.

Representative Hill. My best wishes to the ranking member, members of the Committee.

Experiencing frustration and dissatisfaction with the actual functioning of the Congressional Budget Act of 1974 is not new or remotely original. This Committee's shelves are stacked with binders of worthy and not-so-worthy suggestions from four decades of bipartisan complaining.

My first exposure to concrete recommendations for wholesale change came from my former boss on Capitol Hill, Senator John Tower of Texas, an original member of the Senate Budget Committee and Chairman of the Senate Armed Services Committee.

Senator Tower offered his restructuring proposals in his 1991 memoir “Consequences.” He argued strongly for a 2-year budget cycle to get off the budgetary treadmill, and he argued that there be less executive branch testimony before authorizing, appropriating, and budget Committees by streamlining that witness approach.

In the last two decades, Congress’ budgetary muscles have atrophied, rarely completing a budget or passing appropriations measures prior to fiscal year ends. It is really sad how little that has happened since 1974. Gosh, not since 1996, and that is back when Vice President Gore was still inventing the internet.

The results. The administrative state has grown unwieldy and more immune to oversight. In Article I, the Congress' appropriation oversight responsibilities are their most fundamental. The debt has grown unabated, with the burden of net interest that is expected to soon reach more than the entire appropriation for defense, and by 2027 reach approximately $1 trillion, the approximate size of today's entire discretionary budget.

The government is run from one dysfunctional CR to another, periodically punctuated by an unaccountable omnibus appropriation that pleases no one.

All the while, mandatory spending programs grow at three or four times the rate of macroeconomic growth, with little public discussion or oversight and rarely, if any, votes being held for restructuring in the Congress.

So, what to do?

Let me first endorse fully, Mr. Chairman, the 2-year budget cycle for annual budget resolutions and having a 2-year spending allocation under that resolution. Watching the House move all 12 appropriations bills last summer in a 120-day period made us all realize
that our muscles can be strengthened and we can do that, and I commend Senator Shelby’s work as well this year. So, I think the 2-year cycle is good.

Unauthorized programs. You know, in business, where I spent three decades, this kind of thing just wouldn’t even be considered in the real world. Establishing a budget procedure whereby spending is reduced by the amount of excess appropriations for unauthorized programs would be a worthy change. Thus, the Committees—the authorizing Committees would not fund—appropriations Committees would not fund unauthorized or expired programs.

Likewise, all authorizing Committees would file their views and estimates, including a list of every program about to expire or that required reauthorization, and use a zero-based budget justification for every program so identified.

I have a list of things that I entitle, Mr. Chairman, Stop Kidding Ourselves:

Number one, prohibit budget gimmicks.
Stop Committees from using one-time shifts in timing or asset sales to offset ongoing spending increases.
Permit any Member to offer an amendment to strike emergency spending designation in any measure.
Insist that the Congressional Budget Office and the Office of Management and Budget baseline budget eliminate their built-in discretionary inflation, automatic extensions of expired programs, and that mandatory spending programs continue at current levels even when trust funds are insolvent.

On better transparency, I think every fact sheet by the Budget Committee and the Appropriations Committee for all Members and Senators should propose plainly what the outlay is for the proposed fiscal year compared to the past 5 years of actual outlays, noting the percentage increase and decrease.

All Federal insurance and retirement programs, excluding Social Security, ought to be put on accrual budgeting, requiring the Congress to fully budget all the costs in those programs.

And finally, Mr. Chairman, I really think that Tom McClintock’s Default Prevention Act, which requires the Department of Treasury to continue to borrow to pay the principal and interest on certain obligations if the debt exceeds its statutory limit, is a worthy change that this bicameral Committee ought to recommend. I think it will take off the table the periodic debt ceiling limit that causes our debate to not be as positive as it could be.

And finally, a regulatory budget. I hope that you will consider a regulatory budget in addition to a budget resolution.

And I thank you for the time to testify.

[The prepared statement of J. French Hill follows:]
Congressman French Hill (AR-02)
Joint Select Committee on Budget and Appropriations Process Oral Testimony
Wednesday, June 27, 2018

Co-chairs Womack and Lowey, and members of the committee, thank you for letting me express my views on the congressional budget process.

Experiencing frustration and dissatisfaction with the actual functioning of the Congressional Budget Act of 1974 is not new or remotely original. This committees' shelves are stacked with binders of worthy and not suggestions from four decades of bipartisan complaining.

My first exposure to concrete recommendations for wholesale change came from my former boss on Capitol Hill, Sen. John Tower (R - Texas). An original member of the Senate Budget Committee and chairman of the Senate Armed Services Committee, Sen. Tower offered his restructuring proposal in his 1991 memoir, Consequences. He argued strongly for a two-year budget cycle to get off the "budgetary treadmill" and he also argued that there be less Executive Branch testimony before authorizing, appropriating, and budget committee chairs by streamlining that approach.

In the last two decades Congress' budgetary muscles have atrophied, rarely completing a budget or passing appropriations measures prior to the fiscal year end. It's sad really. Only four times since 1974 and not since 1996. Heck, Vice President Gore was still inventing the Internet!

The results:

-- The administrative state has grown unwieldy and more immune to oversight. In Article One, the Congress' appropriations and oversight responsibilities are their most fundamental.

-- The debt has grown unabated with the burden of net interest that is expected to soon reach more than the entire appropriation for defense, and by 2027, reach approximately $1 trillion -- the size of today's total discretionary budget.

-- The government is run from one dysfunctional Continuing Resolution (CR) after another, periodically punctuated by an unaccountable omnibus appropriation measure that pleases no one.

-- All the while mandatory spending programs grow 3 to 4 times the rate of macroeconomic growth with little public discussion or oversight, and rare, if any, votes for restructuring held in the Congress.

So, what to do:

Biennial Budgeting

First, move to a two-year spending allocation in each annual budget resolution.
Watching the House move all 12 appropriations bills in the summer of 2017 and in about 120 days certainly instructs us that it can be done, but a two-year spending allocation will guide appropriators and reduce the delay in getting to work.

Unauthorized Programs

In business, this kind of thing wouldn't be considered in the real world. Establish a budget procedure whereby spending is reduced by the amount of excess appropriations for unauthorized programs. Thus, committees would not fund unauthorized or expired programs. Likewise, require all authorizing committees to file Views and Estimates including a list of every program about to expire or that require reauthorization and use "zero-based" budget justification for every program being proposed for reauthorization.

Stop Kidding Ourselves

Prohibit budget gimmicks. Stop committees from using one-time shifts in timing or asset sales to offset ongoing spending increases.

Permit any member to offer an amendment to strike emergency spending designation in any measure.

Insist the Congressional Budget Office (CBO) and Office of Management and Budget (OMB) "baseline" budget eliminates built-in discretionary inflation; automatic extensions of expiring programs; and that mandatory spending programs continue at current levels even when the trust funds are insolvent.

Ensure the Committees have the CBO score complete before all markups.

Better Transparency and Long-Term Management

Every fact sheet produced by the budget committee and the appropriations committees should plainly state the proposed outlay for the proposed fiscal year, compared to the past five years of actual outlays, and noting the percentage increase or decrease from each.

Subject all federal insurance and retirement programs, excluding Social Security, to accrual budgeting, requiring the Congress to budget the full costs.

Consider the proper CBO scoring technique for consumption versus long-term capital investments. That is, the proper way to score paying for "sailors' annual salaries versus building a submarine."

Require the CBO director to include in cost estimates an estimate of any change in debt service costs resulting from the legislative proposal.
Enact legislation, such as Rep. Tom McClintock's Default Prevent Act (H.R. 422), which requires the Department of the Treasury to continue to borrow to pay the principal and interest on certain obligations if the debt exceeds the statutory limit.

If the debt limit is exceeded, Treasury must issue obligations solely for the payment of the principal and interest on debt held by the public or the Social Security trust funds.

This would take the debt ceiling debate and not paying treasury securities off the table.

Require the President's budget submission to include analysis of the cost of complying with all current and proposed federal regulations. This Regulatory Budget will be an important part of measuring overall budgetary success agency by agency. Also, implement a "pay-as-you-go" rule for agencies' regulatory costs.

Thank you for your leadership on this important reform, and for inviting member views. I yield back.
The crossover point is coming, accelerated by the cost of financing large budget deficits

Non-defense discretionary spending gradually fades away

Source: CBO, Budget and Econ Outlook, JPMAM. April 2018.
Co-Chair WOMACK. I thank the gentleman from Arkansas for his testimony.

We are going to hear from one more witness, then we are going to take our promised break, albeit about 15 minutes late. The gentleman from Ohio, Mr. Jim Renacci.

Representative Renacci, we are pleased to have you this morning. The floor is yours.

STATEMENT OF THE HON. JAMES B. RENACCI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Representative R ENACCI. Thank you, Mr. Chairman. I want to thank the co-chairs of the joint select Committee for holding this hearing and allowing Members of Congress to share their ideas and proposals.

Look, I got here 7½ years ago as a business guy who balances budgets, who makes things work, and who continues to believe we need budgets. The problem is our budgetary system is broken.

I have spent a lot of time since being elected here of looking at financial processes, everything from how we can develop a financial statement to how we can develop a process where we can start with a budget.

But let’s first say you can’t even prepare a budget if you don’t know where you are at. And one of the biggest problems I said in Washington is most Members of Congress don’t really know financially where we are because we don’t have a fiscal accounting, we don’t have a fiscal financial statement, and we don’t have a fiscal address.

So, what I am proposing is two bills that actually I think fix the budget process.

Number one, you first have to have awareness. I believe it is critical the American people and Congress are aware of the financial system that our country faces. So, I have introduced a bill that would just do that. It is pretty simple. All it does is require the Comptroller General of the General Accounting Office to provide a fiscal state of the Nation address to a joint session of Congress on an annual basis.

The presentation would include an analysis of the condition of our country’s fiscal status, including our budget deficits, long-term fiscal projections for our social insurance programs. It would be a presentation of our fiscal issues, and it would be public for all Americans.

Right now, our country is on the cusp of a national debt crisis. By 2023, the CBO projects that we will spend more paying down our interest than we will on our national defense. By 2028, the debt held by the public as a share of GDP will increase to 96 percent, the largest since 1946.

Most Members of Congress don’t know that. By the way, I have also said that every Member of Congress should be on the Budget Committee at least one cycle. Most Members of Congress are not aware of that. And as lawmakers, we have a moral responsibility to address these changes and work together to find bipartisan solutions to stave off this pending crisis.

A strong first step would be requiring Congress to come together once a year to hear from a nonpartisan Comptroller General what
the fiscal state of the country is in order to highlight the crisis that we face and put Members on notice to the public that this is an issue that needs to be addressed.

The best way to tackle a problem is to first shine light on the problem. At my request, the Comptroller General has testified before the House Budget Committee in recent years, and I believe that this issue is too important that the full Congress not be made aware of it.

Some will say a joint session of Congress is not the right venue for this type of speech. I would highly disagree. I would counter by asking doubters why they believe this isn't an important enough issue to convene a joint session and why they are afraid to set the new precedent.

I had almost 200 cosponsors on this bill the first time I dropped it last cycle. This cycle I am close to getting 200 bipartisan Democrats and Republicans who agree to this. We shouldn't be afraid of doing it.

Additionally, the legislation was included in the 2016 Budget Committee budget reform white paper, has been endorsed by the Committee for a Responsible Federal Budget, the AICPA, the Concord Coalition, and the National Taxpayers Union.

It is something we should not be afraid of. It is something we should be looking forward to seeing every year so we know where we have to start before we do the budget process.

Along with that awareness, I think we need to do a better job at holding ourselves accountable. The second bill I have introduced would make Congress actually abide by the budget that we pass. Since 1974, we waive our budgets. Every time we turn around, it gets waived in budget—in the Committee that—anyway, it gets waived, and that is a problem. We can't waive the Committee.

Too often, the Rules Committee waives budget-related issues, preventing Members of Congress to object to legislation that breaks the budget.

If you want to break the budget, that is all well and good. In the business world, you break it all the time. But what you do is you come before management, which is the Congress, and you tell people why.

This bill would allow Members of the House to call for a recorded vote on these waivers and put Members on the record whether they wish to waive the budget.

As someone who has spent my career in the business world, I believe it is important that we pass a budget and follow the budget. This bipartisan legislation would hold Congress responsible to ourselves and ensure that we actually follow our budget.

I commend the work that the Joint Committee is doing in reforming our broken budget process. I believe that these two measures that I discussed today should be considered as part of the broader reforms that are needed to fix the budget process.

I want to thank you again for your time. And I yield back.

[The prepared statement of James B. Renacci follows:]
I first want to thank the co-chairman of the Joint Select Committee for holding this hearing today and allowing members of Congress to share their ideas on proposals to fix our broken budget process.

I have spent a lot of time since first being elected to Congress on solving our bleak fiscal outlook and our current budget process. The budget process has never worked properly and is extremely frustrating for lawmakers and the constituents who we are elected to serve. We need to take strong steps to hold Congress accountable to ourselves and to the American people. I believe that I have two legislative proposals that have been introduced that would help accomplish these goals.

First, I believe that it critical that the American people and the Congress are aware of the financial situation that our country faces. So I have introduced a bill that would do just that. It’s simple. All it would require is for the Comptroller General of the GAO to provide a Fiscal State of the Nation to a Joint Session of Congress on an annual basis. The presentation would include an analysis of the condition of our country’s fiscal status, including our budget deficits and the long term fiscal projections for our social insurance programs. It would be a presentation of our fiscal issues and it would be public for all Americans.

Right now, our country is on the cusp of a national debt crisis. By 2023, the CBO projects that we will spend more paying down our interest than we will on our national defense. By 2028 the debt held by the public as a share of GDP will increase to 96% - the largest since 1946.
• As lawmakers, we have a moral responsibility to address these challenges and work together to find bipartisan solutions to stave off this pending crisis.

• A strong first step would be requiring Congress to come together to hear from the non-partisan Comptroller General what the fiscal state of the country is in order to highlight the crisis that we face and put members on notice to the public that this is an issue that needs to be addressed.

• The best way to tackle a problem is to first shine light on the problem. At my request, the Comptroller General has testified before the House Budget Committee in recent years, and I believe that this issue is too important for the full Congress to ignore.

• Some will say that a Joint Session of Congress is not the right venue for this type of speech. I would counter by asking doubters why they believe this isn’t an important enough issue to convene a Joint Session and why they are afraid to set this new precedent.

• This legislation currently has more than 130 bi-partisan cosponsors and last Congress had close to 200 cosponsors. Additionally, this legislation was included in the 2016 Budget Committee Budget Reform White Paper and has been endorsed by the Committee for a Responsible Federal Budget, the AICPA, the Concord Coalition, and the National Taxpayer Union.

• Along with awareness, I think that we need to do a better job of holding ourselves accountable. The second bill that I have introduced would make sure that Congress actually abides by the budgets that we pass. The Budget Enforcement Awareness Resolution will restore integrity to budget enforcement by raising member awareness when the House of Representatives is voting on legislation that is breaking the budget.
- Too often, the Rules Committee waives budget related issues, preventing members of Congress to object to legislation that breaks the budget. My legislation would amend the House rules to allow members of the House to call for a recorded vote on these waivers and put members on the record whether or not they wish to waive the budget. As someone who spent my career in the business world, I believe it is important that we pass a budget and then follow the budget. This bipartisan legislation would hold Congress responsible to ourselves and ensure that we actually follow our budget.

- I commend the work of this Joint Select Committee in reforming our broken budget process and believe that the two measures that I discussed today should be considered as a part of the broader reforms that are needed to fix the budget process. I want to thank you again for your time and I yield back the remaining balance of my time.
Co-Chair WOMACK. I thank the gentleman from Ohio for his testimony this morning.

Our next witness is here, but we have promised our Committee that we are going to take just a few-minute break for a comfort break, check email, make whatever phone calls you need to make. So, at this time, if it pleases the co-chair, I think we will take a break and resume our testimony at 5 till the hour. That would be in about 11 minutes.

So, the chair declares this Joint Select Committee on Budget and Process Reform for Members' Day to be in recess for about 10 minutes.

[Recess.]

Co-Chair WOMACK. The Joint Select Committee on Budget and Process Reform Members' Day will resume.

The co-chair and I do appreciate the cooperation and the participation of our Members of the Committee and those Members that are making presentations here today.

We are running just a few minutes late. We do appreciate the patience of our next witness, Ms. Jayapal. And we will proceed now with her testimony and then go straight toward the end, in hopes of getting us back a little bit more on time, although running about 15 minutes late is about on time for Congress, in my opinion, based on my experience.

But nonetheless, our next witness is Pramila Jayapal from Washington. And the gentlelady is recognized for 5 minutes in support of her positions on this subject.

And the floor yours, Ms. Jayapal.

STATEMENT OF THE HON. PRAMILA JAYAPAL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Representative Jayapal. Thank you so much, Chairman Womack, and thank you to Chairwoman Lowey as well, for holding this hearing and for all your dedicated work.

Since I have come to Congress, I have heard a lot of talk about the budget process being broken. And as the vice ranking member of the House Budget Committee under the great leadership of Mr. Yarmuth, I have been able to look at the process up close and consider how we use it.

What is obvious is that there is a process on the books that has the promise of being able to be used effectively, but in reality, it has been thwarted time and time again.

As a Budget Committee member, I plan to focus my remarks today on the Budget Committee's role. And first I would like to give a little bit of context.

The budget resolution process was designed to give Congress a voice in setting fiscal policy. And prior to the enactment of the Congressional Budget Act of 1974, which established the Budget Committees as well as the Congressional Budget Office, Congress did not have its own source of budgetary information and didn't have a procedure to establish an overall fiscal framework.

Rather, the executive branch housed budgetary information and was the only source of a fiscal plan. Congress acted on that plan in a piecemeal fashion, with each Committee reviewing proposals...
in its jurisdiction. There was no approval of overall levels of revenue, spending, and the resulting deficits and debt.

Clearly, that was not a good way to budget. Revenue and spending decisions should not be made in separate silos. Each has an impact on deficits and debt. Changes in one are going to fundamentally require changes in the other, a change in the overall fiscal path, or both.

And a perfect example is the recent tax bill. The Republican majority made a decision to cut revenue substantially, even though long-term deficits were already unsustainably high. That was then used to justify calls for even deeper spending cuts. And it had severe consequences for Americans across the country, who are struggling to make ends meet, to pay for healthcare, or even to put food on the table.

The good news is that the budget resolution can and has been used to lay out a framework of priorities. Used properly, the budget resolution provides a way to lay out Congress’ priorities, both for overall fiscal policy and for distribution across major functions or areas of national need.

The reconciliation process provides a path to enact spending cuts or revenue increases included in a budget resolution that might require difficult votes. Major deficit reduction packages that implemented policies assumed in the budget resolution have been enacted, including those during the Clinton administration that led to budget surpluses.

The budget resolution should and has set the stage for the Appropriations Committee to do their work.

But sadly, the budget resolution has become only a messaging document rather than a governing document. It has incorporated policies that the majority doesn’t actually plan to move during the upcoming year.

And, for example, in recent years, trillions of dollars of savings are called for in the resolution, but are not included in the reconciliation directives.

That is the mechanism to enforce the cuts. It is called reconciliation because the whole point of the process is to reconcile Federal law with the amounts assumed in the budget resolution. Failing to reconcile trillions of dollars in cuts suggests that the cuts are not meant to be real.

Likewise, discretionary spending has been put at artificially low levels, even though there is widespread agreement that higher levels will be needed.

Much of the savings in both categories has been unspecified, meaning that it is impossible to tell from the budget resolution what Congress’ true priorities are. Revenue cuts have been sold as likely to cost nothing, even as the Joint Tax Committee’s best estimates show that is not the case.

None of this engenders respect or credibility for the process or for those of us who serve in Congress.

It is time for all of us to step up and recognize that we can do better. The budget resolution process has a means to define what we want fiscal policy to be and a set of enforcement procedures to help us get there.
There may need to be improvements to the process that can help make things move more smoothly, and we should welcome them. But realistically, we can’t expect them to fix this.

Rather, we need to approach the process with a realistic understanding of what we can do, a willingness to compromise when necessary, and a readiness to accept analysis on what policies will cost and save produced by our own in-house nonpartisan experts. If we don’t do that, we have ourselves to blame for not being able to muster the resolve to use the process that we have efficiently.

I thank you very much for your work and for your focus on this issue.

[The prepared statement of Pramila Jayapal follows:]
Testimony to the Joint Select Committee on Budget and Appropriations Process Reform

Rep. Pramila Jayapal – June 26, 2018

Thank you to our co-chairs, Chairwoman Lowey and Chairman Womack, for holding this hearing today. Since I’ve come to Congress, I’ve heard a lot of talk about the budget process being broken. As the Vice Ranking Member of the House Budget Committee, I’ve been able to look at the process up close and consider how we use it. What’s obvious is that there’s a process on the books that has the promise of being able to be used effectively but in reality has been thwarted time and again.

As a Budget Committee Member, I plan to focus my remarks on the Budget Committee’s role. First, I’d like to start with a little context. The budget resolution process is designed to give Congress a voice in setting fiscal policy. Prior to the enactment of the Congressional Budget Act of 1974, which established the Budget Committees as well as the Congressional Budget Office, the Congress did not have its own source of budgetary information and did not have a procedure to establish an overall fiscal framework. Rather the Executive Branch housed budgetary information and was the only source of a fiscal plan. Congress acted on that plan in a piecemeal fashion, with each Committee reviewing proposals in its jurisdiction. There was no approval of overall levels of revenue, spending, and the resulting deficits and debt.

Clearly this is not a good way to budget. Revenue and spending decisions should not be made in separate silos. Each has an impact on deficits and debt. Changes in one are going to fundamentally require changes in the other, a change in the overall fiscal path, or both. A perfect example is the recent tax bill. The Republican Majority made a decision to cut revenues substantially even though long-term deficits were already unsustainably high. This has been used to justify calls for even deeper spending cuts.

The good news is that the budget resolution can and has been used to layout a framework of priorities. Used properly, the budget resolution provides a way to layout Congress’ priorities, both for overall fiscal policy and distribution across major functions or areas of national need. The reconciliation process provides a path to enact spending cuts or revenue increases included in a budget resolution that might require difficult votes. Major deficit reduction packages that implemented policies assumed in the budget resolution have been enacted,
including those during the Clinton Administration that lead to budget surpluses. The budget resolution should, and has, set the stage for the Appropriations Committees to do their work.

Sadly, the budget resolution has become a messaging document rather than a governing document. It has incorporated policies that the Majority does not actually plan to move during the upcoming year. For example, in recent years, trillions of dollars of savings are called for in the resolution but are not included in reconciliation directives. That is the mechanism to enforce the cuts – it’s called “reconciliation” because the whole point of the process is to “reconcile” federal law with the amounts assumed in the budget resolution. Failing to reconcile trillions of dollars in cuts suggests that the cuts are not meant to be real. Likewise, discretionary spending has been put at artificially low levels even though there is widespread agreement that higher levels will be needed. Much of the savings in both categories has been unspecified, meaning that it is impossible to tell from the budget resolution what Congress’ true priorities are. Revenue cuts have been sold as likely to cost nothing even as the Joint Tax Committee’s best estimates show that not to be the case. None of this engenders respect or credibility for the process.

It’s time for all of us to step up and recognize that Congress must do better. The budget resolution process has a means to define what we want fiscal policy to be and a set of enforcement procedures to get us there. There may be improvements to the process that can help make things move more smoothly. We should welcome them. But realistically, we can’t expect them to “fix this.” Rather, we need to approach the process with a realistic understanding of what we can do, a willingness to compromise when necessary, and a readiness to accept analysis on what policies will cost and save produced by our in-house non-partisan experts. We have no one to blame but ourselves if we are unable to muster the resolve to use the process effectively.

Thank you.
Co-Chair Womack. I thank the gentlelady from Washington for her testimony this morning.

Our next witness is Representative David Price from the great State of North Carolina.

Representative Price, we appreciate you appearing before the Committee this morning. And the floor is yours, sir.

STATEMENT OF THE HON. DAVID E. PRICE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Representative Price. Thank you, Co-Chair Womack and Co-Chair Lowey and other members of the select Committee. I appreciate the chance to testify today, and I will submit the full copy of my text for the record.

I have been following the work of this Committee and like much of what I have heard. The possibility of ending debt ceiling brinksmanship, for example, or moving to a calendar year budget cycle.

But one of the ideas you are considering has set off alarm bells, and for that reason I would like to take a few minutes to detail my objections to a bad idea, namely, moving to a biennial appropriations process.

I first testified about biennial budgeting about 20 years ago before the House Rules Committee, which was considering legislation to transition Congress to biennial appropriations.

Then our fiscal situation was quite different. The enactment of comprehensive multiyear budget agreements in 1990, 1993, and 1997, coupled with a growing economy, had produced several years of balanced budgets. In fact, we had been able to pay off $400 billion of the national debt.

Since then, we have had two unpaid-for wars, unnecessary but expensive countercyclical response to the Great Recession, massive unpaid-for tax cuts, and now 7 years of extremely partisan and largely dysfunctional congressional budget politics.

So, it is understandable that the idea of biennial appropriations would once again hold some appeal as a panacea for Members in search of solutions to our current woes. But this is truly a case in which the remedy would be worse than the disease.

Of course, I understand the congressional budget and appropriations process have eroded significantly. The pressures of divided government and a polarized electorate, the increased use of the Senate filibuster, the general subjugation of Congress’ constitutional power of the purse to partisan political considerations, all of these factors have greatly delayed the enactment of our annual spending bills and increased our reliance on continuing resolutions and omnibus packages.

But biennial budgeting, by which I mean biennial appropriations, would do nothing to address the underlying causes of this dysfunction. It actually might make matters worse by weakening congressional oversight of the executive, jacking even more decisions up to the leadership of both parties, and increasing our reliance on supplemental appropriations bills considered outside the regular order.

I want to stress that these same arguments do not apply to a multiyear budget agreement of the sort that served us so well in the 1990s, nor do they apply to a 2-year budget resolution of the
sort Congress passed a few months ago. Indeed, our current appropriations work is greatly facilitated by the fact that that is a 2-year plan.

But appropriations is another matter. The thorough review of individual agency programs and the determination of new funding levels must have year-to-year flexibility and is distinct from determining budgetary topline numbers.

My arguments this morning are directed to the 12 appropriations bills that must be passed under any budget agreement, no matter the duration of that agreement.

Now, proponents of biennial appropriations claim that it would free up Congress to conduct oversight in the off-year. That is a supremely ironic claim, for the most careful and effective oversight Congress does is through the annual appropriations process, when an agency’s performance and needs are reviewed program by program, line by line. Off-year oversight would be less, not more effective, because it would be further removed from actual funding decisions, reducing Congress’ leverage.

As the ranking member of the House Appropriations subcommittee on Transportation and Housing, I have seen firsthand the value of annual appropriations bills and how it bolsters congressional oversight.

For example, last year the Federal Transit Administration made several administrative and policy changes, procedural changes to the capital investments transit program, the New Starts program. State and local agencies faced considerable uncertainty about how their projects would be reviewed and whether they could count on Federal funding commitments. Members of both sides of the aisle reached out to the Appropriations Committee with their concerns.

So, in response, our Committee included several provisions and report language in the fiscal year 2018 omnibus appropriations bill on a bipartisan, bicameral basis, directing FTA to provide grantees with updated project ratings and to administer the program in accordance with the law.

What if we had had to wait an additional year to do that? To wait an extra year to enact these policy provisions might have resulted in the failure of several large transit projects across the country. And the ability of the Committee to quickly respond to executive branch action proved decisive.

Annual appropriations bill also serves as a way to respond to court rulings that may invalidate or make workable existing policies. They facilitate other policy tweaks that would otherwise fail to garner floor time. These housekeeping items, as we call them, almost always are dealt with on a bipartisan basis and they are vital to ensuring the effective function of government.

A biennial appropriations process would also pose special challenges during the second year of the 2-year budget cycle.

Just think about this. Under the existing appropriations cycle, Federal agencies typically begin formulating their budgets in the summer of the year before the President submits his budget request to Congress in February. That is a full 14 to 15 months in advance of the start of the actual fiscal year.

Now, if you ask agencies to put a budget request for the second year of a 2-year cycle forward, as much as 28 months in advance,
that would require a level of planning and foresight that just might not be possible or realistic given the uncertainty of revenue and expenditure projections, the continually evolving challenges of the Federal Government.

For example, the Tenant-Based Rental Assistance Program, often referred to as Section 8 vouchers, at the beginning of a cost cycle we receive estimates from HUD regarding renewals.

Co-Chair WOMACK. The gentleman is running out of time. Your time has expired.

Representative PRICE. All right. I will leave the Section 8 example for the record and wrap up, Mr. Chairman.

What I am saying, though, pertains to the second year of an appropriations cycle. And I just think we would have more supplemental appropriations bills, more reprogramming, and all the rest.

So, in conclusion, the whole purpose of the biennial budget could be undermined by the proliferation of supplementals in the off-year. Perversely, we would have replaced the deliberative and democratic process of appropriations with supplemental bills that are sporadic, rushed, and heavily controlled by leadership.

So, I don’t think biennial appropriations is any better an idea today than it was 15 or 20 years ago. It would be a mistake to let recent budget disagreements lure us toward a supposed remedy that would actually make appropriations less systematic, less flexible, and less potent.

We all know that the process has broken down, but biennial budgeting fixes none of this.

Thank you, Mr. Chairman.

[The prepared statement of David E. Price follows:]
Good morning Co-Chair Womack, Co-Chair Lowey, and other Members of the Select Committee. Thank you for allowing me to testify today.

I’ve been following the work of this committee and like much of what I’ve heard—the possibility of ending debt ceiling brinksmanship, for example, or of moving to a calendar-year budget cycle. But one of the ideas you are considering has set off alarm bells, and for that reason I’d like to take a few minutes to detail my objections to a bad idea: moving to a biennial appropriations process.

I first testified about biennial budgeting nearly 20 years ago before the House Rules Committee, which was considering legislation to transition Congress to a biennial budget and appropriations process. Then, our nation’s fiscal situation was quite different: the enactment of comprehensive, multi-year budget agreements in 1990, 1993, and 1997, coupled with a growing economy, had produced several years of balanced budgets and allowed us to pay down more than $400 billion of the national debt. The consequences of the George W. Bush Administration’s fiscal policies—which plunged us back into deficit financing—were not yet foreseen.

Since then we’ve had two unpaid-for wars, a necessary but expensive countercyclical response to the Great Recession, massive unpaid-for tax cuts, and seven years of extremely partisan and largely dysfunctional congressional budget politics. So it is understandable that the idea of biennial budgeting would once again hold some appeal for Members in search of solutions to our current woes. But this is truly a case in which the remedy would be worse than the disease.

I am the first to agree that the congressional budget and appropriations processes have eroded significantly in recent years. The pressures of divided government and a polarized electorate, the increased use of the Senate filibuster, and the general subjugation of Congress’s constitutional
“power of the purse” to partisan political considerations have greatly delayed the enactment of our annual spending bills and have increased our reliance on continuing resolutions and omnibus packages. Not to mention the damage that has been done by the consolidation of power within leadership circles at the expense of Appropriations and other committees.

But biennial budgeting, by which I mean biennial appropriations, would do nothing to address the underlying causes of this dysfunction—and would likely make matters worse by weakening congressional oversight of the executive, jacking even more decisions up to the leadership of both parties, and increasing our reliance on supplemental appropriations bills considered outside of the regular order.

I should stress that the same argument does not necessarily apply to a multi-year budget agreement of the sort that served us so well in the 1990s. Nor does it apply to a two-year budget resolution of the sort Congress passed a few months ago. Our current appropriations work is greatly facilitated by the fact that was a two-year plan. But the thorough review of individual agency programs and the determination of new funding levels must have year-to-year flexibility and is distinct from determining budgetary top-line numbers. My argument this morning applies to the twelve appropriations bills that must be passed under any budget agreement, regardless of its duration.

Proponents of biennial appropriations claim that it would “free up” Congress to conduct oversight in the off-year. That claim is supremely ironic, for the most careful and effective oversight Congress conducts is through the annual appropriations process, when an agency’s performance and needs are reviewed program by program, line by line. Off-year oversight would be less, not more, effective because it would be further removed from actual funding decisions, reducing Congress’s leverage.

I’ve served on the Appropriations Committee for many years, and I am currently the Ranking Member of the House Appropriations Subcommittee on Transportation, Housing and Urban Development (THUD). I’ve seen firsthand the value of annual appropriations bills and how it bolsters congressional oversight.
Last year, for example, the Federal Transit Administration (FTA) made several administrative and procedural changes to the Capital Investment Grants transit program. State and local agencies faced considerable uncertainty about how their projects would be reviewed and whether they could count on federal funding commitments. Members and staff on both sides of the aisle reached out to the Appropriations Committee with their concerns.

In response, the Committee included several provisions and report language in the FY 2018 omnibus appropriations bill—on a bipartisan bicameral basis—directing FTA to provide grantees with updated project ratings and to administer the program in accordance with authorized law. Waiting an extra year to enact these policy provisions might have resulted in the failure of several large transit projects across the country, and the ability of our Committee to quickly respond to executive branch action proved decisive.

Annual appropriations bills also serve as an ideal vehicle to respond to the judicial branch, particularly when court rulings may invalidate or make unworkable existing policies or programs. Congress can make revisions or clarify congressional intent. In addition, minor policy tweaks that normally do not garner enough attention to merit floor time in the House or Senate can be vetted and addressed. Each year these “housekeeping” items are almost always dealt with on a bipartisan basis and rarely make the headlines, but they are nonetheless vital to ensuring the effective functioning of government.

Supporters sometimes note that four recent presidents—George W. Bush, Bill Clinton, George H.W. Bush, and Ronald Reagan—all favored biennial appropriations. Why should that surprise anyone? If this suggests that the proposal is not a partisan issue, it should warn us that it is definitely an institutional issue. It should be obvious why presidents would support a free pass every other year from an appropriations process that could make or break an administration’s agenda—just as they tend to support the line-item veto, a ban on congressional earmarks, and other measures aimed at weakening Congress’s authority vis-à-vis the Executive Branch.
It is often asserted that opponents of biennial budgeting are merely defenders of Appropriations Committee turf. As a senior appropriator, I am naturally sensitive to these charges. But the annual work of appropriations serves the entire institution and its place in the constitutional balance of power, regardless of who is President. That is why appropriations has historically been relatively bipartisan, and it is why the Congress’s place in the constitutional order is compromised to the extent appropriations is swamped by partisan maneuvers—whether they be poison-pill riders or ideological budget resolutions that don’t leave room for workable funding bills.

However, I agree that the appropriations process also needs to be accountable to Congress as an institution and to the country. Here, too, biennial budgeting would more likely do more harm than good.

Under the existing annual appropriations cycle, federal agencies typically begin formulating their budgets in the summer of the year before the President submits his budget request to Congress in February—a full 14 or 15 months in advance of the start of the actual fiscal year in question. This process is particularly challenging in the first year of a new administration. Asking agencies to put forward a budget request for the second year of a two-year cycle as many as 28 months in advance would require a level of planning and foresight that may not be possible or realistic, especially given the uncertainty of revenue and expenditure projections and the constantly evolving challenges the federal government must tackle.

One particularly compelling example is the Tenant-Based Rental Assistance program, often referred to as Section 8 vouchers. At the beginning of the budget cycle each year, we receive cost estimates from the Department of Housing and Urban Development (HUD) regarding housing voucher renewals. The level of funding required depends on a variety of external factors, including how much tenants contribute to their rent and trends in the housing market. HUD relies on more than 3,500 public housing agencies to submit data to the Department. Even on an annual basis, the Appropriations Committee must routinely adjust Section 8 funding in the draft THUD bill before final enactment to ensure nobody loses their housing.
This example illustrates one of the main pitfalls of biennial appropriations. Faced with outdated and unworkable funding levels for individual programs in the second year of a biennial appropriation, each federal department would be forced to present the Appropriations Committees with countless requests to reallocate, or “reprogram,” their annual budgets. Typically, those requests are granted or denied solely by the Appropriations Subcommittee Chairmen and Ranking Members without debate, amendments, or votes—and without public scrutiny.

Off-year budget problems that could not be handled through reprogramming requests would necessitate supplemental appropriations bills. We already enact supplemental bills when unforeseen emergency needs crop up after an appropriations bill has been enacted. Budgeting two years in advance will only lead to a greater mismatch between the country’s needs and agency budgets. In fact, the whole purpose of a biennial budget could be undermined by the proliferation of supplementals in the off-years. Perversely, we would have replaced the deliberative and democratic process of annual appropriations with supplemental bills that are sporadic, rushed, and heavily controlled by leadership.

Finally, I believe a robust annual appropriations process bolsters the work of the authorizing committees. As Congress enacts new legislation to adjust spending levels, modify or eliminate programs, or create new ones, the Appropriations Committees adjust accordingly. For example, the bipartisan FAST Act changed or eliminated many formula programs that are funded by the Highway Trust Fund. It also created several new rail infrastructure grant programs. The THUD appropriations bill reflects these priorities.

If appropriations bills were considered every other year, as proponents of biennial budgeting suggest, major reauthorization bills that pass at the beginning of the two-year budget cycle would not be fully enacted by the executive branch because the funding to implement the new law would simply fail to comport to the new authorization. This would be an administrative nightmare, and it would completely undercut the authorizers and the will of Congress.
For reasons practical as well as institutional, biennial budgeting isn’t any better an idea today than it was fifteen years ago. It would be a mistake to allow recent budget disagreements to lure us toward a supposed “remedy” that would make the appropriations process less systematic, less flexible, and less potent.

We all know that the congressional budget process has broken down. For years, we have passed unrealistic, ideologically driven budget resolutions that not only made bipartisanship impossible; they virtually made appropriations itself impossible. It is only in the face of a government shutdown that we have found the will to adopt bipartisan budget agreements, so as to enable us to proceed with realistic appropriations bills that have a chance of becoming law, usually several months after the beginning of the new fiscal year!

But biennial budgeting would fix none of this and might well make it worse. What we must do is muster the political will to make difficult and politically costly decisions, including a comprehensive budget plan that addresses the main drivers of our deficits and debt: tax expenditures and entitlement spending.

I urge my colleagues to reject the siren song of biennial appropriations and to redouble their efforts to address the underlying causes of our long-term fiscal challenges.
Co-Chair WOMACK. Thank you, gentlemen, for your testimony here this morning.
I am going to allow the co-chair to make a statement.
Mrs. Lowey.
Co-Chair LOWEY. Thank you very much.
I just wanted to comment quickly on your presentation, perhaps because I agree with you 100 percent. And I think you present very carefully crafted arguments, and I know that your testimony will be an important part of the final record that we will review as we are making decisions.
So, I just wanted to thank you again for the careful preparation of your presentation. Thank you very much.
Co-Chair WOMACK. I thank the gentlelady.
And as is the case with all Members, written statements will be made a part of the official record of this event today.
Thank you, Representative Price.
Our next witness is the gentleman from Montana, the Senator from Montana, Steve Daines. Mr. Daines will have 5 minutes for his presentation.
Co-Chair WOMACK. The joint select Committee appreciates the time that you have taken to appear before the Members' Day program here this morning, and we will give you the floor, sir.

STATEMENT OF THE HON. STEVE DAINES, A UNITED STATES SENATOR FROM THE STATE OF MONTANA

Senator DAINES. Co-Chairs Womack and Lowey, thank you for your leadership and for giving us this Members' Day. It gives us an opportunity to share our experience on how to improve the very broken budget and appropriations process.
I serve on the Appropriations Committee of the United States Senate. So, my remarks are somewhat framed in my experience of about 3 years in the Senate. I also want to thank Senator Perdue for his commitment to reform the budget process. David and I have been working a lot before the select Committee was put together. I am grateful for it. Thank you for elevating it to this level.
Many of the Members currently serving in Congress come from business backgrounds, and I think we can take some of that experience. It is not the only experience that is going to help in this area, of course, but it will help us, I think, to frame a better process going forward.
This process is incredibly broken, and so it should be no surprise that a profoundly broken process delivers a very bad result. Having spent 28 years in the private sector, passing a budget is not optional. You must pass a budget. In fact, passing a balanced budget is not optional. You must do that as well, or else you are out of business. $21.1 trillion of debt, $33.8 trillion of debt in 10 years, we have no option but to change the budget and the appropriations process.
I just want to jump right into policy. I am going to try to remove the bun and get to the meat here.
Let me share four recommendations that I have for this prestigious select Committee. First of all, I would combine the authorizing Committees with the corresponding Appropriations Committee. Consolidate them and then completely dissolve the Budget
Committee. By doing this, we can start having real conversations about where to spend and how to spend it. Currently, we have two processes on different tracks that simply don't sync up. Integrating the processes into one Committee will ensure more coordination and better outcomes. The biggest single challenge to doing that will be leadership itself in these Committees.

Members stay here for a long time. They get to Committee chairs. That, I think, will be the single greatest barrier that we will face in trying to implement that reform. But I think Senator Perdue and others have shown this incredible spaghetti tangle of authorizing Committees and Appropriations Committees. And then we have this Budget Committee on top of that, and it is no wonder this process produces a bad result. It is very complicated, and it is not unified. I think we could significantly improve this process by dissolving the Budget Committee, bring authorizing and Approps into single Committees that line up with their respective jurisdictions.

Number two, the budget should be a law, not a resolution. We need to have an up-or-down vote on the entire budget, one number. One number that includes discretionary and mandatory spending. In today's terms, that means we would be voting on a roughly $4 trillion spending budget, not $1.2 trillion in discretionary.

Number three—and I respectfully heard Representative Price and his views on biennial budgeting. I think we need to take a look at, and I will tell you why. I am a subcommittee chair on Approps. I believe that by budgeting over a longer period of time, it can make the process and outcomes more predictable for all stakeholders. This removes some uncertainty for Federal agencies and adds much-needed capacity to the Senate. I don't know if that has been talked about a lot. But one problem we had in the U.S. Senate is floor time. And the appropriations process we have today would consume a lot of that Senate capacity. A biennial budget actually frees up more capacity for the Senate to do the work of the people. You are much more efficient in the House than we are in the Senate. You guys get a lot better gas mileage.

Fourth, we need to create incentives to pass a budget. I think we should look at both carrots and sticks. If any of you have served in State legislatures—I have not—but I think 46 out of 50, conservatively, some say 48 out of 50, require a balanced budget. We should look at that for Washington, D.C., as well.

But at a minimum, as we see—I know in the State of Montana, they don’t get to leave town until the budget is done. And so, there is an incentive to keep members there until they actually get the budget completed. But I think we are going to put something here that compels this organization, this body to do it.

I do think by moving forward on some of these ideas, we can fix this. We need to fix it. I know there have been many efforts—you know this—and failed attempts to reform the budget process. I hope it doesn't go down in history as one more failed Committee that came up with recommendations and nothing was done.

I sincerely believe this is the number one reform facing Congress. I don’t think there is anything more important than what you are doing right here. I think truly this is the most important work we can be doing at the moment.
We need to act. No more CRs. No more omnibuses. Failure is not an option.
Thank you for holding this session today and allowing me to share my thoughts.
[The prepared statement of Steve Daines follows:]
Senator Steve Daines  
Joint Select Committee on Budget and Appropriations  
Process Reform Member Day  
June 27, 2018  

Co-Chairs Womack and Lowey, thank you for your leadership and convening this Members’ Day giving us an opportunity to share our experiences on how to improve the budget and appropriations process.

Many of the members currently serving in Congress come from business backgrounds and can offer some experiences on how to make the appropriations process work better and therefore more responsibly for the Taxpayer.

And let me tell you something you already know — our budget process is broken.  
So it should be no surprise that a profoundly broken process creates bad result.
Having spent 28 years in the private sector – passing a balanced budget is not optional.

Yet in Congress – apparently it is.

Since the passage of the Congressional Budget Act in 1974, this broken process has not been fixed. And with over $21.1 trillion debt which will reach 33.8 trillion in 10 years Congress has no option but to change the budget and appropriations process.

Protecting hardworking taxpayers dollars, while making officials accountable for delivering results should be common sense.

We can and should do better.

I want to take this opportunity to share with you a few ideas that I believe would really impact the way we budget.
1. Combine Authorizing with the corresponding appropriations committee and completely dissolve the budget committee – by doing this we can start having real conversations about where to spend and how to spend. Currently, we have two processes on different tracks that simply just don’t sync up. Integrating the processes into one committee will ensure more coordination and better outcomes. This will allow, most importantly, to take on our greatest cost, entitlements. Reforming entitlements is necessary to balance the budget but also to save and strengthen these programs for future generations.

2. The budget should be enforceable by law – we need to have an up or down vote on the entirety of the budget so that folks are held accountable.
3. Biannual budgeting – As a sub committee chair on appropriations I believe that by budgeting over a longer period of two-years, we can make the process and outcomes more predictable for all stakeholders.

4. Finally, we need to create incentives. For example an idea that I think would be worth considering - No budget, no pay. It’s simple, we don’t pass a balanced budget, we don’t get paid. I believe that by passing no budget, no pay members of Congress will clearly understand the consequences of continual deficit spending. There are 46 out of 50 states require a balanced budget. If 46 states can do it, so can we.

The gridlock we are experiencing highlights why we need budget reform now
I believe that finally moving on some of these ideas we, together can work towards having a balanced budget which means getting our fiscal house in order.

The American taxpayer deserves it.

We need to ensure that we are acting in a responsible manner for our kids and their kids.

Thank you for holding this session today and allowing me to share.
Co-Chair WOMACK. Senator Daines, thank you very much for your testimony this morning.

Our next witness hails from the State of Alabama. We are going to provide 5 minutes of testimony from Representative Robert Aderholt.

Representative Aderholt, the Committee appreciates your time this morning. Look forward to your testimony. The floor is yours, sir.

STATEMENT OF THE HON. ROBERT B. ADERHOLT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA

Representative ADERHOLT. Thank you, Mr. Chairman. And thanks to the co-chairs for an opportunity to speak. And also to all the members, thank you for allowing Members to come and address the Committee today.

Let me start by saying that I welcome today’s discussion and opportunity to engage with members about the ways that we can make rule changes that improves our budget and appropriations process. The fulfillment of Article I, section 9, clause 7 to responsibly oversee spending of public funds is one of the most crucial and necessary tasks that are executed by the Federal Government. Serving now in my 22nd year on the House Appropriations Committee, I have reviewed the process extensively. I have seen it in work over the years as I have served the people of the Congressional District, Fourth Congressional District in Alabama. With the trend of stopgap funding bills and government shutdowns, in this environment, there is a lot that we can do to ensure the American people that they are receiving effective government that they deserve. The work of passing 12 individual appropriation bills through the subcommittee, through the full Appropriations Committee, and then on the floor of each Chamber is a challenging process. It requires consensus and certainly a lot of hard work by a lot of people.

The House Appropriations Committee has had dozens of hearings, met with administration officials to hear the budget justification. We have moved through the subcommittee process, the full Committee process with bipartisan agreements on much of the content that is in these funding bills.

In recent years, the House has been able to consider and pass bills through this process despite the challenges that we have seen in the Senate. This has caused Congress under the leadership of both Republicans and Democrats to use combined spending packages as a way of forcing funding through the process. However, the status quo is not working, and I think that is what you are hearing from a lot of our colleagues today.

The President, as you know, has promised that he will not sign another consolidated 12-bill package. In the House, we are trying to do our part to ensure that the process moves forward, that we have bills to go to conference with the Senate once they have completed their work. To ensure these bills will be considered in a timely manner, I think the— or I would submit that the Senate has got to strongly consider doing away with filibuster rule on appropriation legislation. By eliminating this Senate practice on appropriation bills, the Federal funding can be streamlined, and this in-
stitution can get back to upholding our constitutional responsibility.

The Senate’s responsibility is to the people they represent and to their constitutional duty to fund the Federal Government, not the administrative rules that are governing their body. Even though our Founding Fathers gave the House authority to originate money—bills through the origination clause in the Constitution, the House somehow thinks that now it is in our best interest to take a step back to the Senate internal rules. And what we have found is ourselves prenegotiating House bills with the Senate.

I believe the House should continue passing appropriation bills that reflect the will of the people. We should then present each appropriation bill for Senate consideration. And then, as the House, hold out for passage so that the Senate can get to a formal conference. This conference should reflect a bipartisan approach that can reach a majority in each Chamber—a simple majority and not a super majority. If the majority party wants to filibuster and shut down the government, then that would be their prerogative. This is what I would call, and I think most of us would consider regular order. It has worked for decades upon decades in this institution. But we have gotten away from that, and if we are going to be successful in making Washington work for the people instead of partisan gridlock, it is going to take getting back to regular order or these basics.

Let me add that one proposal which I do not think is a good idea is having a 2-year appropriation bill. I am very concerned about the matter of oversight. The annual appropriations process allows for a relatively quick review of how response—agency in addressing congressional concerns. It allows the entire House and Senate to be involved in the process in contrast to the reprogramming actions, and they do serve a legitimate process.

Above all, we must remember that the legislative bodies representing—we are representing our voters. We take money from our voters, from hardworking families. And it is very legitimate that we use both directive and be very diligent in our oversight as we turn that money over to the executive branch.

And, with that, I see my time is out, and I yield back.

[The prepared statement of Robert Aderholt follows:]
Thank you to the Co-Chairs for allowing me time to address the Committee today,

Let me start by saying I welcome today’s discussion and the opportunity to engage with members about ways we can make substantive and meaningful improvements to our budget and appropriations process.

The fulfillment of our Article I, Section 9, Clause 7, responsibility to oversee spending of public funds is one of the most critical and necessary tasks executed by this branch of Government. As a senior member of the House Appropriations Committee, I have reviewed this process extensively during my time serving the people of Alabama’s Fourth Congressional District. However, with the trend of stopgap funding bills and
government shutdowns, there is work which must be done to ensure the American taxpayers are receiving the effective, efficient government they deserve.

The work of passing twelve individual appropriations bills through their subcommittees, the full Appropriations Committee, and then on the floor of each chamber, is a challenging process that requires consensus and hard work. The House Appropriations Committee has had dozens of hearings, met with administration officials to hear their budget justifications, and moved bills through subcommittee and full committee mark-ups with bipartisan agreement on much of the contents within these funding.
In recent years the House of Representatives has been able to consider and pass bills through this process despite the challenges the Senate has had in doing the same. This has caused Congress, under the leadership of both Republicans and Democrats, to use combined spending packages as a way of forcing funding bills through the process.

The status quo is not working and the President has promised that he will not sign another consolidated 12-bill package.

The House is doing our part to ensure that the process moves forward and that we have bills to conference with the Senate once they have completed their work. To ensure these bills will be able to be considered in a timely manner, the
Senate should do away with filibuster rules on Appropriations legislation. By eliminating this obstructive Senate practice, federal funding can be streamlined and this institution can get back to upholding our constitutional responsibility.

Quite simply, the Senate must do their job. The Senate’s responsibility is to the people they represent and to their constitutional duty to fund the federal government, not to administrative rules governing their body. Even though our Founding Fathers gave the House of Representatives authority to originate money bills through the Origination Clause in the Constitution, the House somehow thinks that it is now in our best interest to bow to the Senate internal rules, and has found itself pre-negotiating House bills with the Senate.
The House should continue passing Appropriations bills that reflect the will of the people. We should then present each Appropriations bill for Senate consideration and then as the House hold out for passage so that the Senate can get to a formal conference.

This conference should reflect a bipartisan approach that can reach a majority in each chamber - a simple majority, not super majority. If the minority party wants to filibuster and shut down the government then it is their prerogative.

This is ‘Regular Order’ and worked for decades upon decades. Somehow, we got away from it but if we are going to be successful in making Washington work for the people
instead of partisan gridlock then it is going to take getting back to these basics.

One proposal which I think is NOT the answer is the idea of having two-year appropriations bills. I am very concerned about the matter of oversight. The annual appropriations process allows for a relatively quick review of how responsive an agency has been in addressing Congressional concerns. It also allows the entire House and Senate to be involved in the process, in contrast to reprogramming actions – which DO serve a legitimate process.

Above all, we must remember that as the Legislative bodies representing our voters, it is we who take money out of the pockets of hardworking families. It is therefore very
legitimate for us to be both directive and diligent in our oversight, when we turn that money over to the Executive branch.

I yield back...
Co-Chair WOMACK. Thank you to the gentleman from Alabama. Representative Lowey, the co-chair.

Co-Chair LOWEY. I just want to thank the gentleman from Alabama. And on an optimistic note, I am aware that the Senate is moving rather quickly working in a bipartisan way. And I am hoping that at a time near the time they complete their work and we complete the work, the bills can be meshed in a bipartisan way, and the authorizing poison pills that have been attached to the House bill can somehow disappear, and we could all work together and have a good bipartisan process.

So, I just want to thank you.

Representative ADERHOLT. Thank you. Thanks for letting me come before the Committee.

Co-Chair WOMACK. Thank you, Representative Aderholt.

Our next witness is a gentlelady from Connecticut, Elizabeth Esty. And the joint select Committee appreciates the opportunity to hear your testimony this morning. And we will open the floor for you for 5 minutes ma'am.

STATEMENT OF THE HON. ELIZABETH H. ESTY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT

Representative Esty. Thank you, Mr. Chairman and Ranking Member Lowey, for the opportunity to present some views of how I think we can improve the budgeting and appropriations process in this House.

In particular, I would like to focus on a broader principle of the breakdown of long-term decision making and planning. I see this with great clarity as the vice ranking member of the Transportation Committee where we have been unable to pass major infrastructure planning. And I think the American people are largely unaware that, unlike States and unlike individuals who have capital budgets, that we do not do that in the U.S. Congress.

And so, the normal political pressure to do short-term planning has now become, I believe, significantly aggravated by where we are with deficits and in our budgeting process. So, I would urge the Committee, regardless of what specifics you come up with, that we should be focused on making good long-term, wise decision making for the American people. And I think we have gotten away from that. And I think the budgeting process has now compounded that process.

I think there are some things we could look at in doing that capital budget, which I know that we have had previous Members of Congress who advocated for strongly 2-year budgets. But the bottom line should be we need to empower and equip Members of Congress to think about how to make those long-term decisions.

The CBO plays an important role there. We have met with them and tried to solicit some ideas about what they could do by limiting them to a 10-year time window to look at and requiring a specific figure rather than ranges. I think we are limiting their ability to inform us.

We know, for example, in the field of healthcare, preventive care has the most important benefits, not 10 years out but 20, 30, 40 years out. But they are statutorily prohibited from considering those long-term benefits.
When I have asked them directly about what it would take to do that, they say, for one thing, they need statutory permission to do that. But I think they would also be more comfortable if they were allowed to give ranges or confidence levels further out: You know, we have high degree of confidence 10 years out, but in the outer—further out years, we would expect savings. But these are more guesstimates, perhaps. I think that could help inform our debate whereas now they are not allowed to do that whatsoever. So that can be in preventive care. Certainly, that is true for infrastructure where we are just gridlocked. And we will pay for pieces of paper in our offices, but we won’t pay for replacements of bridges and roads.

The American people don’t get why that is happening. And part of that, frankly, is the scoring process makes it hard. It makes it easy to do the piece of paper and really hard to replace the bridge.

So, whatever ends up happening, I think we have to look at how the budgeting process can empower and inform Members to be wise, to make those long-term decisions. And the budgeting process should be part of that.

We know we have got gridlock on many political disagreements. But I think notions about the value of preventive care and healthcare, about the importance of infrastructure, we all know that. We don’t need to go to school for that. So, therefore, we need to a take good hard look at our budgeting and appropriations process to find out what are current impediments to us making wiser decisions.

So those were my 2 cents about how we should approach the objectives, not the specifics of how we do it but really the touchstone of what we need to be doing. We all know that is true. The American people can’t figure out why we can’t get these budgets done. And I believe some of those longstanding practices or those guardrails we set in place have, in fact, have become an impediment to exactly what we thought we are supposed to be doing and certainly what the American people believe we are supposed to be doing.

Thank you very much.

[The prepared statement of Elizabeth Esty follows:]
Congresswoman Elizabeth H. Esty
Testimony
Joint Select Committee on Budget and Appropriations Process Reform
Member Day Hearing: How to Significantly Reform the Budget and Appropriations Process
June 27, 2018

• Thank you M__ Chairman and Ranking Member for the opportunity to present some of my ideas on how we can improve the budget and appropriations process.

• M__ Chairman and Ranking Member, there are two ideas I would like to focus on today:
  ➢ long-term planning and decision-making;
  ➢ revising how the Congressional Budget Office scores legislation.

Emphasizing Long Term Planning

• I believe that we should have a budgeting process that equips Members of Congress not only with the best information available in the short-term, but also with the context and wisdom to understand how investments will impact the country years down the road.

• Instead, our current budgeting process prioritizes short-term spending and hinders long-term decision-making.

• Instead of being short-sighted and barely approving federal funding each fiscal year, our goal should be to facilitate wiser, long-term decision making.
• This could include capital budgeting and/or a two-year budget.

• The potential benefits that could be gained from long-term decision-making are numerous and range from achieving medium and long-term fiscal security by creating a plan for debt reduction and responsible spending, to drawing a roadmap for Congress strategically invest in long-term infrastructure projects or incentivize health and wellness decades down the road.

• Countries around the world— and private companies right here in the US - already prioritize long-term investments that enable them to invest wisely in ways that save them money in the long-term, and also pay dividends.

• By following their example, we would be equipped to smartly improve our nation’s infrastructure, promote research and development, and prioritize the long-term health of Americans.

• In this ever-competitive, global economy, we simply cannot afford to continue to prioritize short-term funding.

• I am confident that Members of Congress would be benefit from tools that incentivize better long-term decision-making and that focus on long-term investments.

• Congress cannot continue to emphasis short-term priorities in the budget.
Congressional Budget Office Reforms

- The Congressional Budget Office is charged with providing Congress with a cost estimate that analyzes the likely effects of proposed legislation on the federal government.

- The problem is that these scores—as they are currently conducted—fail to provide Members with a full picture and all the information they need to make informed decisions.

- There are three ways the CBO could improve their cost estimate:

  - First, the CBO should evaluate the impact that a policy will have on the federal budget over a longer time-frame.

  - In many cases, a ten-year window is an insufficient amount of time to fully understand the effects of complex legislation.

  - For many complex policy areas, such as healthcare or tax legislation, a CBO analysis of the impact that a policy has over 25 or 30 years would provide Congress with a better understanding of the legislation and a better tool to use in assessing its long-term benefits.

  - Second, the CBO should provide a range or confidence levels for estimated savings or costs, instead of a specific estimate.

  - This is particularly important the farther into the future the estimates go.

  - This would help lawmakers to understand all of the possible outcomes of the legislation they are passing.
• Third, the CBO should evaluate all of the benefits of a policy.

• Currently, the CBO only evaluate the direct economic cost and benefit, but does not consider less easily quantifiable benefits, such as improved health, or time saved in transit.

• These changes would increase confidence in and the utility of the CBO by decreasing the likelihood that their estimates are incomplete and fail to account for factors that might be cost-saving for the federal government, and improve the lives of Americans across the country.

Thank you

• Thank you for this opportunity budget process that encourages Congress to think about the long term benefits of our spending and to enable our support organizations to provide us with the best estimates possible.
Co-Chair WOMACK. The joint select Committee appreciates your testimony this morning, Representative Esty.

Representative ESTY. Thank you.

Co-Chair WOMACK. Our next witness has just entered the room. We are going to ask the gentleman from California if he is prepared.

The Committee appreciates the testimony from all the Members. And, Representative MCCLINTOCK, we are going to give you 5 minutes. The floor is yours. And thank you for being with us this morning.

STATEMENT OF THE HON. TOM MCCLINTOCK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Representative MCCLINTOCK. Great. Well, thank you for having me.

All spending originates in the House. In a very real sense, the buck starts here. The government cannot spend a single dollar unless the House says it can spend that dollar. The 1974 Budget Act gives the House a very powerful set of tools to control spending and balance the budget.

For years, on the House Budget Committee, I have heard it said that the budget is merely an aspirational document offering our vision of the direction the government should take. That is simply not true. The budget is an operational document, the single most important tool that we have to control spending. The problem is we don't use it.

I have also heard incessantly that it is the mandatory spending that is to blame, and that is beyond our control. Well, mandatory spending is out of control, but it is a lot easier to change than discretionary spending because the reconciliation bill gets expedited consideration in the Senate; the appropriation bills do not.

The budget resolution sets limits on the discretionary spending that is appropriated annually. That is about one-third of our budget. It also limits the mandatory spending. That is set by statute. That is about two-thirds of our budget, and it gives us powerful tools to enforce both sets of limits. The problem is we don't use them. Why?

Well, the first problem is on the discretionary side. Those limits are sent to the House Appropriations Committee which cannot exceed them. The House routinely meets this responsibility; the Senate does not because its dysfunctional cloture rule gives the minority the ability to block them. As the deadline approaches and the threat of a government shutdown looms, the appropriation bills are cast aside in favor of stopgap measures that continue the spending trajectory without serious reform.

Now, that is easy to fix. Give appropriation bills the same expedited consideration in the Senate that the reconciliation bill already has. The bigger problem is on the mandatory side, and process reform is not going to fix it. The mandatory limits are supposed to be placed in reconciliation instructions that are sent to the House authorizing Committees. Those Committees are then required to make conforming statutory changes. If the Committees fail to act, the Budget Committee can do so directly. Either way, those statutory changes go into a single reconciliation bill that by-
passes cloture. But this powerful process is never used. Why? Well, because decisions on reforming mandatory spending, mainly entitlement programs, are the most difficult decisions in our fiscal policy. It is easier not to make them and blame the process.

Every year, the House Budget Committee produces a budget that it claims will balance in 10 years, and it lays out proposals on how to do it. But it never places these proposals in the reconciliation instructions that transform them from promise into action.

This year’s budget is case in point. It promises mandatory spending reforms to balance within 10 years but only places 5 percent of those reforms into reconciliation instructions that will actually change spending. In other words, we are 5 percent serious about balancing the budget and 95 percent unserious.

If we were serious about the mandatory reforms, we would put them in the reconciliation instructions and force the statutory changes necessary to make them. We would also include discretionary limits that would begin the trajectory back to balance in this year’s spending. The fact is we didn’t.

With all due respect, that makes this Committee’s work largely a fool’s errand. The principal problem with the budget process is it requires very hard decisions. Changing the process isn’t going to make these decisions any easier. Whatever the process, the decisions are going to get harder and harder every year that we don’t make them.

Let me close with a warning. The countries that bankrupt themselves aren’t around very long. Debt the size that we are now carrying ends up either as a fiscal crisis like those paralyzing Venezuela and our own territory of Puerto Rico or as an economic crisis as the central bank buys up debt at the expense of economic growth as we are seeing in Japan and throughout Europe.

Over the past 10 years, while populations increased 26 percent, our revenues have more than kept pace. They have grown 29 percent. But spending has grown 46 percent. In short, it is the spending, stupid. Our job is to control that spending. We have powerful tools to do so, but we have not used them. The fault, Dear Brutus, is not in our stars but in ourselves that we are underlings.

[The prepared statement of Tom McClintock follows:]
Remarks to Joint Select Committee on Appropriations and Budget Reform
Congressman Tom McClintock
June 27, 2018

All spending originates in the House – in a very real sense the buck starts here. The government cannot spend a single dollar unless the House says it can spend that dollar.

The 1974 Budget Act gives the House a very powerful set of tools to control spending and balance the budget. For years on the House Budget Committee, I have heard four budget chairmen say that the budget is merely an “aspirational” document offering our “vision” of the direction the government should take.

That’s not true. The budget is an operational document – the single most important tool we have to control spending. The problem is that we don’t use it.

I’ve also heard incessantly that it’s the mandatory spending that’s to blame and that’s beyond our control.

That’s also not true. Mandatory spending is actually easier to control than discretionary spending, because the reconciliation bill that controls mandatory spending gets expedited consideration in the Senate – the appropriations bills do not.

The budget resolution sets limits on both the discretionary spending that is appropriated annually (about one fourth of the budget) and the mandatory spending that is set by statute (about three fourths of the budget), and give us the tools to enforce those limits. There are two reasons it doesn’t work and only one is fixable.

First, the discretionary limits are sent to the House appropriations committee, which it cannot exceed. The House routinely meets this responsibility, but the Senate’s dysfunctional cloture rule gives a minority the ability to block them. As the deadline approaches and the threat of a government shutdown looms, the appropriations bills are cast aside in favor of stop-gap measures that continue the spending trajectory without reform. That’s easy to fix. Give appropriations bills the same expedited consideration in the Senate that the reconciliation bill already has.
The bigger problem is on the mandatory side and process reform won’t fix it.

The mandatory limits are supposed to be placed in reconciliation instructions that are sent to the House authorizing committees, which are then required to make conforming statutory changes. If the committees fail to act, the budget committee can do so directly. Either way, those statutory changes go into a single reconciliation bill that bypasses cloture.

But this powerful process is never used. Why? Because decisions on reforming mandatory spending, mainly entitlement programs, are the most difficult decisions in our fiscal policy. It’s easier not to make them and blame the process.

Every year, the House Budget Committee produces a budget it claims will balance in ten years, and it lays out proposals on how to do it. But it never places those proposals in the reconciliation instructions that changes them from promise to action.

This year’s budget is a case in point. It promises mandatory spending reforms to balance within ten years, but only places five percent of those reforms into reconciliation instructions that will actually change spending. In other words, we’re five percent serious about balancing the budget and 95 percent un-serious.

If we were serious about the mandatory reforms, we would put them in the reconciliation instructions and force the statutory changes necessary to make them. We would also include discretionary limits that would begin the trajectory back to balance in this year’s spending. We didn’t.

With all due respect, that makes this committee’s work largely a fool’s errand. The principle problem with the budget process is that it requires very hard decisions. Changing the process isn’t going to make these decisions any easier. Whatever the process, the decisions are going to get harder and harder every year that we don’t make them.

Let me close with a warning. Countries that bankrupt themselves aren’t around very long. Debt the size we’re now carrying ends up either as a fiscal crisis (like those paralyzing Venezuela and our own Territory of Puerto Rico), or as an economic crisis as the central bank buys up debt at the expense of economic growth, (as we are seeing in Japan and Europe).
Over the past ten years, while population has increased 26 percent, our revenues have more than kept pace, growing 29 percent. But spending has grown 46 percent. In short, it is the spending, stupid. Our job is to control that spending. We have powerful tools to do so. We have not used them. “The fault, dear Brutus, is not in our stars, but in ourselves, that we are underlings.”
Co-Chair WOMACK. Thank the gentleman from California for his testimony this morning.
Our next witness is from Illinois, Representative Bill Foster.
Sir, we appreciate the opportunity to hear your testimony this morning. I will speak for the entire joint select Committee in thanking you for your testimony. And we will give you 5 minutes. And the floor is yours, sir.

STATEMENT OF THE HON. BILL FOSTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. FOSTER. Great.
Well, good morning. I would like to begin by thanking Co-Chair Womack and Co-Chair Lowey and the other members of the Joint Select Committee on Budget and Appropriations Process Reform for holding this Members’ Day.
I am here to discuss the debt limit, which I view as the most unnecessary and disastrous risk to financial stability and the economic recovery of the last 8 years. Over the last 6 months, I have discussed this issue with various administration officials and many experts in hearings of the House Financial Services Committee and in private meetings.
In the Committee, Secretary Mnuchin responded that he did not support it, the debt limit, as a mechanism for controlling spending and—last year. And in February of this year, he thought that the repeal should be one option discussed in the long term.
I agree with that statement, and I hope to advance repeal as one option that this Committee considers. The debt limit is an artificial fig leaf over the fiscal irresponsibility in Congress. It sometimes gets referred to as being like refusing to pay for a meal after you have eaten it.
On one hand, the debt limit instructs the administration not to issue debt beyond a certain point. On another hand—on the other hand, Congress slashes revenue without paying for it and increases spending across the board even on projects that do not make sense. The deficits created here inevitably trigger a crisis with the debt limit. As a result of the partisanship that has defined recent sessions of Congress, the debt limit is a self-inflicted risk that is unnecessary and obviously ineffective. Moreover, it creates a default risk that is not market-driven, complicating the calculation of risk and likely distorting pricing. The United States—if the United States ever exceeded the debt limit, results would be catastrophic for our economy and for hardworking Americans.
This problem should not be a partisan issue. It is an issue that impacts middle class families in every congressional district and unnecessarily slowed the recovery from the Great Recession. A 2013 Treasury report found that when this Nation approached the debt limit without a clear path to raising it, the average mortgage in the United States increased $100 per month. We need to address our debt limit through the budget process, the Tax Code, and appropriations. We need to address our debt through the budget process, the Tax Code, and the appropriations, and not the artificial debt limit.
Our economy should not endure a market-rocking event because of a partisan fight over an arbitrary number that is not related either to economic performance or to GDP.

I asked the Federal Reserve Chairman Powell about the size of our debt relative to aggregate household net worth, which, as many have noted, recently exceeded $100 trillion. He agreed that we have to address our debt in the long run but that we are presently not nearing our carrying capacity.

Our failure to provide adequate revenue to pay for the programs hardworking Americans need created a serious structural debt problem. Our economy is both rich and productive enough to fulfill our obligations to the most vulnerable.

We can afford to ensure that Social Security, Medicare, and Medicaid are available in perpetuity. And I strongly believe it is a moral imperative that we do so. The debt limit does not provide fiscal discipline but does cause market problems. There is no hypothesized credit limit of the United States of which I am aware. But it is clear that it is greater than the current debt load based on the market appetite for Treasuries and low interest rates. Repeal would allow markets to impose this discipline. We should consider other mechanisms for forcing Congress to have real debates on fiscal policy. These could include changing House rules to provide for the privilege of the House for bipartisan budgets that balance or a queen-of-the-hill process that could provide for votes on either end of the political spectrum and a centrist alternative with bipartisan support.

I appreciate the opportunity to testify before the joint select Committee, and I am happy to answer any questions. Thank you.

[The prepared statement of Bill Foster follows:]
Good morning, and I’d like to begin by thanking Co-Chair Womack, Co-Chair Lowey, and the other members of the Joint Select Committee on Budget and Appropriations Process Reform for holding this members’ day. I am here to discuss the debt limit, which I view as the most unnecessary and disastrous risk to financial stability and the economic recovery of the last eight years.

Over the last six months, I have discussed this issue with various Administration officials and some experts in hearings of the House Financial Services Committee and private meetings. In the Committee, Secretary Mnuchin responded that he did not support it as a mechanism for controlling spending last year, and in February of this year, said that he thought repeal should be one option discussed in the long term. I agree with that statement and hope to advance repeal as one option this Committee considers.

The debt limit is an artificial fig leaf over the fiscal irresponsibility of Congress. On the one hand, the debt limit instructs an administration not to issue debt beyond a certain point. On the other hand, this Congress slashes revenue without paying for it as it increases spending across the board, even on projects that do not make sense.

The deficits created here inevitably trigger a crisis with the debt limit. As a result of the partisanship that has defined recent sessions of Congress, the debt limit is a self-inflicted risk that is unnecessary and ineffective. Moreover, it creates a default risk that is not market-driven, complicating the calculation of risk and likely distorting pricing. If the United States ever exceeded the debt limit, the results would be catastrophic for our economy and hardworking Americans.

This problem is not a partisan issue. It is an issue that impacts middle class families in every congressional district, and unnecessarily slowed the recovery from the Great Recession. A 2013 Treasury report found that when the nation approached the debt limit without a clear path to raising it, the average mortgage in the United States increased 100 dollars per month.

We need to address our debt through the budget process, the tax code, and appropriations. Our economy should not endure a market-rocking event because of a partisan fight over an arbitrary number that is not related to economic performance or GDP. I asked Federal Reserve Chairman Powell about the size of our debt relative to aggregate household net worth, which just passed $100 trillion. He agreed that we have to address our debt in the long run, but that we are presently not near our carrying capacity.

Our failure to provide adequate revenue to pay for the programs hardworking Americans need has created a serious structural debt problem. Our economy is both rich and productive enough to fulfill our obligations to the most vulnerable. We can afford to ensure that Social Security, Medicare, and Medicaid are available in perpetuity. I strongly believe it is a moral imperative that we do so.
The debt limit does not provide fiscal discipline, but does cause market problems. There is no hypothesized credit limit of the United States of which I am aware, but it is clear that it is greater than the current debt load based on the market appetite for Treasury's at low interest rates. Repeal would allow the markets to impose this discipline. We should consider other mechanisms for forcing Congress to have real debates on fiscal policy. These could include changing House rules to provide for a privilege of the House for bipartisan budgets that balance, or a queen of the hill process that could provide for votes on either end of the political spectrum and a centrist alternative with bipartisan support.

I appreciate the opportunity to testify to the Joint Select Committee, and am happy to answer any questions. Thank you.
Co-Chair WOMACK. The Committee appreciates your testimony this morning, Representative Foster. Thank you so much.

Our next witness is the gentleman from Arkansas, Mr. Westerman, representing Arkansas’ Fourth district. Bruce, the Committee appreciates the opportunity to hear your testimony this morning. You have 5 minutes, and the time is yours, sir.

STATEMENT OF THE HON. BRUCE WESTERMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

Mr. WESTERMAN. Thank you, Mr. Chairman.

And I want to also thank the joint select Committee for hosting this session to obtain Members’ input on the current budget and appropriation’s process.

As with many of you, I am deeply troubled by current levels of Federal outlays and appreciate the opportunity to share my concerns today.

Federal Government spending is out of control, unlike State spending, which is generally limited to the amount of money collected from taxes, Federal spending is permitted to vastly exceed income, and indeed it does.

In April, the Congressional Budget Office released its annual budget and economic outlook, the 10-year economic forecast based on projected cost of current legislation. Economists at CBO predict the overall spending will reach $56.6 trillion over the 10-year period from 2018 to 2028, ultimately exceeding 23 percent of GDP. Due to this obscene level of spending, budget deficits will continue growing at ever-increasing rates. Altogether, deficits are likely to average 4.9 percent of GDP, which is significantly greater than the projected average economic growth rate of less than 4 percent.

And as the Nation’s debt increases, so will interest payments. Annual interest payments are slated to reach $915 billion by 2028. That is 3½ times what we have spent on our debt in fiscal year 2017.

Deficit spending is easy. Balancing a budget is hard. It requires tough decisions that many do not wish to make and decisions that will inevitably upset certain individuals.

But at some point, these decisions have to be made. We simply cannot continue spending beyond our means. I believe it is in our Nation’s best interest to set priorities now while we have time to evaluate options and process decisions instead of just waiting for the day of reckoning unprepared with no good options when it comes. We owe it to our children and grandchildren and to all those hoping for a bright future in our country.

Contrary to the assertions made of some, a plan to balance the budget within the next 10 years would not eliminate Congress’ ability to respond to economic changes, natural disasters, or security threats. In fact, balancing the budget within 10 years is achievable even without slashing appropriations to government programs. We must simply just slow the rate at which our spending has been growing and is projected to grow.

CBO projects that baseline spending at a year-over-year rate, growth rate of 6 to 7 percent over the 10-year budget period. To balance the budget, we don’t have to cut spending. We just have
to slow the rate of spending growth instead of growing it at the CBO baseline. We could balance by growing at the same rate as the economy grows, at the same rate as the GDP grows. And I believe we should tie and force ourselves to control the spending growth at the same levels that the economy grows. I think that is a fair shake, and that is what the math proves that it will take to balance a budget. Regardless of how we get to that number, we have to stay below those levels.

In a graduate level statistics class, I remember two sayings that the professor made that I think apply to my service in Congress. The first one was he said that figures don’t lie, but liars figure. And the second one was that numbers and people are the same; if you torture them long enough, they will tell you anything you want to know.

It is time for us to quit torturing the numbers. It is time for us to use commonsense and math and look at the reality that if we continue growing government spending at the rates projected in the CBO baseline, we will never balance the budget. Let’s balance the budget while we can with modest growth, not with cuts, but modest growth. It is a 2 to 3 percent range that we are seeing in our economy.

We also have to get back to regular order. And I am glad to see that the Senate is finally taking up appropriation bills. I hope we will get all those bills passed in the House. And I think it is the Budget Committee’s responsibility to prepare—or to force as much as we can. And if we can’t force it now, we need to put policies in place to force regular order in the House and the Senate so that all these appropriation bills are debated and open in a transparent way and so that we know what we are spending the money on. And we are not including new programs in large omnibus bills.

I believe the Committee has the ability to enforce this. And as a member of the House Budget Committee, I will support you in your efforts to do so. And I am here to lend whatever resources or assistance I am able to.

With that, I yield back.

[The prepared statement of Bruce Westerman follows:]
I want to thank the Joint Select Committee for hosting this session to obtain input from Members on the current budget and appropriations processes.

I am deeply troubled by current levels of federal outlays, and appreciate the opportunity to share my concerns with you today.

Federal government spending is out of control.

Unlike state spending, which is limited to the money collected from taxes, federal spending is permitted to vastly exceed income—and, indeed, it does.

In April, CBO released its annual Budget and Economic Outlook, the 10-year economic forecast based on projected costs of current legislation.

Economists at CBO predict that overall spending will reach $56.6 trillion over the ten-year period from 2018-2028, ultimately exceeding 23 percent of GDP.
In 2028, mandatory spending is expected to reach 64 percent of total federal expenditures—up from 28 percent in 1968.

Due to this obscene level of spending, budget deficits will continue growing at ever-increasing rates.

Altogether, deficits are likely to average 4.9 percent of GDP—significantly greater than the projected average economic growth rate of less than 4 percent.

And as the nation’s debt increases, so will interest payments.

Annual interest payments are slated to reach $915 billion by 2028—three and a half times what we spent on our debt in FY 2017.

They are expected to become our third largest financial obligation by the year 2025, surpassing spending on defense, Medicaid, and Social Security Disability payments.

Deficit spending is easy.

Balancing a budget is hard.

It requires tough decisions that many of us do not wish to make, and decisions that will inevitably upset certain individuals.
But at some point, these decisions will have to be made.

We simply cannot continue spending beyond our means.

It is in our nation’s best interest to set priorities now—while we have time to evaluate options and process decisions—instead of waiting for the day our ability to borrow money ceases to exist.

Congress must set a higher standard for itself.

We owe it to our children and grandchildren, and all those who hope for a bright future in our country.

Contrary to the assertions of some, a plan to balance the budget would not eliminate the ability of Congress to appropriately respond to changes in the economy, natural disasters, or security threats.

In fact, balancing the budget within 10 years is achievable even without slashing appropriations to government programs.

We must simply slow the rate at which our spending has been growing, and is projected to grow.
If Congress operated as was originally intended—by passing a budget each spring and appropriations bills each summer—such measures might not be necessary.

But regular order has not been seen on the Senate side in years.

For too long, elected officials have placed their short-term interests above the best interests of Americans, doing what is easiest personally and most comfortable politically instead of making evidence-based decisions yielding long-term benefits.

Consider omnibus spending bills, for example.

I am incredibly frustrated by the use of omnibus bills as bargaining chips to pass so many laws that do not appropriate funds, drawing emphasis away from Congress’s duty to regulate spending.

This is not in line with the desire of our forefathers, who intended spending bills to be carefully considered and debated individually.

If you remember only one thing I say today, please let it be this: I believe this committee has the ability—and, in fact, the obligation—to
put forth solutions promoting regular order and reigning in the growth of federal spending.

As a Member of the House Budget Committee, I will support you in efforts to do so, and I am here to lend whatever resources or assistance I am able.
Co-Chair WOMACK. Thank you very much, Representative Westerman, for your testimony before the joint select Committee this morning.

Our next witness comes from Utah, Representative John Curtis. The Committee is delighted to have you in front of them this morning and look forward to your testimony. You have 5 minutes, sir, and the time is yours.

STATEMENT OF THE HON. JOHN CURTIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

Mr. CURTIS. Thank you. Thank you, Chairman Womack and Co-Chair Lowey, for holding today’s hearings on reforms to Congress’ budget and appropriation process.

The American people are justifiably frustrated with Congress and our inability to do our most basic job: pass a budget and fund the government. I applaud the work of this joint select Committee for holding this critically important hearing to look at potential reforms to fix our broken budget and appropriation process.

I want you to know I find myself thinking about you a lot in this Committee, and I hope you feel me cheering in the background for your success. As a relative newcomer to Congress, many members of this Committee likely don’t know who I am, so I would like to take a brief moment to introduce myself. I am John Curtis. I have the great honor of representing Utah’s Third Congressional District. Before coming to Congress last November in a special election, I was mayor of Utah’s third largest city, Provo, Utah, for 8 years.

Like many of you, having served in local or State government, I have had to make hard decisions needed to balance a budget, especially when that involved cutting spending. I am proud to say that as a mayor, we balanced our city’s budget every single year, including my first year in 2010 when we were required to close a gap of 8 percent between revenues and expenses. Not only did we do it without raising taxes, but we also increased the level of services given to our residents and, at the same time, improved employee morale.

Those who know Utah know that some of Utah’s core values are fiscal responsibility and restraint. The Utah values of fiscal responsibility and restraint are best demonstrated by the fact that Utah’s State constitution requires, by law, that the State and city government balance their budgets every year.

To maintain a balanced budget, we rely on many good policies and restraints on lawmakers. But I am here today to share with you only one of those practices that I believe, if adopted by the Federal Government, could dramatically change the quality of our budgeting process.

The idea was born when a former Governor threatened to veto the entire budget if the legislature didn’t include her pet project. The idea is not unique to Utah, and it is not revolutionary. In fact, it is almost too simple. In Utah, we call it the baseline budget. At the first of every legislative session, the legislature adopts a baseline budget. This is largely the previous year’s budget. Therefore, the default, if we fail to come to agreement, is the continuation of last year’s budget.
Natural inflation puts pressure on the legislative body to come up with a new budget. But while we do so, we are under no threat of a government shutdown. Think of it as a kinder and gentler continuing resolution. It allows for the important wheels of government to keep churning while we, void of pressure, study and deliberate without throwing hundreds of government responsibilities into a tailspin.

I have been in Congress for only 7 months, and I voted on four continuing resolutions, and I have seen two shutdowns. Each time, I felt like a hostage with no option. As Members of Congress, we are given a several hundred-page spending bill often with only a day or two to consider it and told that if we don’t vote in support of the legislation, the government will likely shut down. When this happens, there is simply no way to do our jobs as promised back home.

By passing a baseline budget or essentially adopting the previous year’s budget at the beginning of the legislative session, the State legislature is able to make meaningful adjustments to the spending levels for next year’s budget without a threat of a government shutdown if they fail to come to an agreement.

Utah is doing a lot of things right, and I believe this baseline budget process is one of many that Congress can learn from States like Utah. I strongly recommend that the select Committee study Utah’s baseline budget process and consider recommending that it be adopted in Congress’ budgeting and appropriation processes moving forward.

Thank you for this opportunity to testify today, and with that, I yield my time.

[The prepared statement of John Curtis follows:]
Thank you, Chairman Womack and Co-Chair Lowey for holding today’s hearing on reforms to Congress’ budget and appropriations processes. The American People are justifiably frustrated with Congress and our inability to do our most basic job: pass a budget and fund the government. I applaud the work of this Joint Select Committee for holding this critically important hearing to look at potential reforms to fix our broken budget and appropriations process. I find myself constantly thinking of you and your mission. I hope you can feel me in the background cheering for your success.

As I am relatively new to Congress, many members of this Committee likely do not yet know me. So, I’ll take a brief moment to introduce myself.

I’m John Curtis, and I have the great honor of representing Utah’s Third Congressional District. Before being elected last November in a special election, I was the Mayor of Utah’s third largest city, Provo, Utah, for eight years. Like many of you, having served in local or state government, I have had to make the hard decisions needed to balance a budget—especially when that involved cutting spending. I’m proud to say that as a Mayor, we balanced our city’s budget every single year. Including my first year in 2010 when we were required to close an 8% gap between revenues and expenses. I’m proud to say that not only did we do it without increasing taxes but we also increased the level of services delivered to our residents and improved employee morale.

Those who know Utah know that some of Utah’s core values are fiscal responsibility and restraint.

These Utah values of fiscal responsibility and restraint are best demonstrated by the fact that Utah’s State Constitution requires, by law, that the state government balance its budget every year. To maintain a balanced budget we rely on many good policies and restraints on lawmakers but I’m here today to share with you only one of those practices that, I believe, if adopted by the Federal Government could dramatically change the quality of our Federal budgeting process.

The idea was born in Utah when a former Governor threatened to veto the entire budget if the legislature didn’t include her pet project.

The idea is not unique to Utah and it’s not revolutionary. In fact, it seems almost too simple. In Utah we call it the Base-Line Budget. At the first of every legislative session the legislature adopts a Base-Line Budget. This is largely the previous year’s budget. Therefore, the default if we fail to come to agreement is the continuation of last year’s budget. Natural inflation puts pressure on the legislative body to come up with a new budget, but while we do so we are
under no threat of a government shut down. Think of it as a “kinder, gentler” Continuing Resolution. It allows the important wheels of government to keep churning while we, without pressure, study and deliberate without throwing 1000s of government responsibilities into a tailspin.

I’ve been in Congress for only 7 months and I’ve voted on 4 continuing resolutions and I’ve seen two shut downs. Each time I have felt like a hostage with no option. As members of Congress we are given a several hundred-page spending bill, often with a day or so to consider it, and told that if they don’t vote in support of the legislation the government will likely shut down. When this happens there is simply no way to do our jobs as promised back home.

By passing a “base-line budget,” or essentially adopting the previous year’s budget at the beginning of the legislative session, the state legislature is able to make meaningful adjustments to spending levels for the next year’s budget without the threat of a government shutdown if they fail to come to an agreement.

Utah is doing a lot of things right, and I believe this “base-line budget” process is one of many things that Congress can learn from states like Utah. I strongly recommend that this select committee study Utah’s base-line budget process and consider recommending that it be adopted in Congress’ budgeting and appropriations processes moving forward.

Thank you for the opportunity you’ve given me to testify today.

With that I yield my time.

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Fortunately, things are done at least somewhat more responsibly in Utah’s State Legislature. Early in
every annual general session of the Utah State Legislature, there is effectively a “Base-Line Budget”
passed, and it is largely based on the previous year’s budget. In this way, there is no government
shutdown in Utah if there is failure to agree on various details of a more-refined budget. There is still
the “Base-Line Budget” in effect.

I believe we should amend joint US House and Senate rules so that a Base-Line Budget for the upcoming
fiscal year—largely based on the current year’s ongoing appropriations—is considered and brought to a
vote well ahead of the beginning of the new fiscal year . . . and hopefully passed.

If necessary for the sake of some minimal degree of fiscal responsibility, the Base-Line Budget would
include across-the-board cuts of almost all line items other than interest on the national debt. (Of
course, spending on interest on the national debt can also be cut . . . but that would be the dictionary
definition of default and breach of contract . . . unless we can have the Federal Reserve swing into action
. . . but that has its own risks too.)

With passage of a hopefully-humble Base-Line Budget, there is no government shutdown threat for
another year, and refinement of that budget may be accomplished, including both spending cuts and
spending increases, primarily by deliberation and debate . . . and less, or not-at-all by extortion.

Across-the-board spending cuts, or even spending freezes if there is sufficient economic growth, might
be enough to balance the budget. But there are arguably some areas of spending that merit spending
cuts more than others. And persistent cuts in unneeded/inappropriate spending, it is hoped, can be a
stepping stone to additional tax relief. Some of these will be discussed in the next section, and I would
envision and hope that every Base-Line Budget would be refined according to the principles discussed in
the next section, “Proposal for spending cuts.”

“I think the base budget process is pretty ingenious. It’s something the state started under Gov Walker,
when she threatened to veto the entire budget if the Legislature didn’t fund her pet project. We now
pass essentially the budget from last year early on in the process then work on new spending after that.
It’s similar to continuing resolutions in Congress but it has a more formal weight. Maybe CRs could be
turned into a base budget.”

“The other thing we do that the feds don’t do is have a rainy day fund that we can tap if needed. It’s like
a family’s emergency fund. People at the federal level usually look down on rainy day funds since they
can just “print money”. However, printing money is really just deficit spending. In other words, states
have an emergency fund while the feds are spending on their credit card, at the Bank of China.”
Co-Chair WOMACK. Thank you, Representative Curtis, for your testimony this morning.

I am going to move quickly to our next witness from Connecticut. Representative Jim Himes represents the Fourth District of Connecticut.

Representative Himes, the Committee appreciates the chance to hear your testimony this morning on this very important subject. And the floor is yours, sir, for 5 minutes.

STATEMENT OF THE HON. JIM HIMES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT

Mr. HIMES. Thank you, Mr. Chairman and Madam Ranking Member and distinguished members who are here. I would really like to thank you for bringing us together to today discuss an important topic at the heart of our governance, how to budget, how to raise revenue, and how to spend on a rational and fiscally sustainable path.

As chair of the New Democrat Coalition, I am proud that our forward-thinking members have been at the forefront of budget reform looking for opportunities to plan for our future in a thoughtful, bipartisan, and rational way, which is the exact opposite of how this process has worked for the 10 years that I have been here. This is a moment of optimism for me, though a small one, because in 10 years, I have finally decided that the number of people who are truly interested in fiscal responsibility in this body can be counted on one hand. My friends on the Republican side of the aisle are absolutely horrified by deficits right up until the moment there is no longer a Democratic President to blame for them.

Democrats all too often see spending as the first solution to every problem. Special interests and our constituents have their wish lists, but nobody wants to pay for those wish lists.

I am a pessimist because I did see one plan a couple of years ago that was a very tough but fair plan. I am referring, of course, to the Simpson-Bowles budget which came out of the super Committee process. It was really, really tough, but it was fair. It protected the most vulnerable American citizens. It asked everybody to give up some of the sacred cows of their party. Yes, there were slight progressive tax increases, and, yes, there were things like chained CPI, which people on my side of the aisle did not like.

That proposal, which was the result of a lot of hard work and political sacrifice, received exactly 33 votes in the United States House of Representatives, less than 10 percent of the membership. That is where we are. That is why I am a pessimist. But I do appreciate the Committee focusing on this.

The only question in my mind at this point, having given up on the idea that we are collectively going to take the hard decisions and look at our various constituents and say everybody needs to give something, my fear is that the capital markets will finally impose discipline on the United States Government. So, the question is who is going to finally blow the whistle? Will it be us or will it be the capital markets who finally define for us what it is meant to be unsustainable?

Now, I will point out that we have set ourselves up for a real problem here. When I came here 10 years ago, Admiral Mullen said
the single largest threat to our national security is the debt. I was warned each and every day that we were going to see spiraling Treasury rates, interest rates going up. We were on the verge of catastrophe. The exact opposite happened. Interest rates stayed low. We continued to spend in a long-term unsustainable pattern. We just got through a process of adding $2 trillion to the deficit over a 10-year period, and yet remarkably the capital markets don't raise a whimper. That will not remain the case.

So, we will see. I actually, sadly, though I am not temperamentally pessimistic, believe that it will finally be the capital markets defining for us what sustainability is that forces us to act.

In the meantime, I just want to offer three ideas that I think might help the process and at least get us to a more honest process. Number one, first, do no harm. I have seen in 10 years any number of hostage situations associated with the debt ceiling which does absolutely no good in terms of controlling the overall amount of debt or forcing fiscal discipline. Let's get rid of the hand grenade that each party gets to use once every couple of years. It led to downgrades. It led to market insecurity. Let's get rid of it. It does absolutely no good to anybody.

Number two, let's put together a process to be honest and level with the American people on the complex nature of the problem and the big steps that we need to solve it. Again, Simpson-Bowles, now a part of distant history and a very painful thing for those of us who voted for it, pointed in the direction of actually making people think about what sacrifice means and who should do that sacrifice.

Third, let's plan for the long haul. Let's bring Members together early to look at the far-out horizon, come to a consensus, and develop a plan that can outlast the shifting partisan wins. This could include a shift to biennial budgeting, including tough allocations that genuinely last a full Congress and allow agencies to efficiently plan ahead.

Again, I hope that this Committee can shake this place in such a way that we do what we have been elected to do, which is to take the tough choices, to speak truth to the American people, and to preserve not just those programs which have done so much for the American people but to keep the economy competitive and to be worthy of the people who send us here.

So, thank you to the Committee, and I yield back my time.

[The prepared statement of Jim Himes follows:]
Testimony of New Democrat Coalition Chair Rep. Jim Himes, CT-04, to the Joint Select Committee on Budget and Appropriations Process Reform on June 27, 2018

I would like to thank the bipartisan co-chairs and all Members of this panel for bringing us together today to discuss an issue at the heart of democratic governance: how to budget, raise revenue and spend on a rational, fiscally sustainable path. As Chair of the New Democrat Coalition, I’m proud that our forward-thinking Members have been at the forefront of reform, looking for opportunities to plan for our future in a thoughtful, bipartisan and rational way, which is the exact opposite of how this process has worked for as long as I’ve served here.

It’s no exaggeration to say that this chaotic, top-down process has helped push congressional approval ratings and trust in government itself to historic lows. I’ve been here long enough to know that almost no one in or around Congress is interested in real fiscal responsibility. Republicans are horrified by the deficits right up until the moment there is no longer a Democratic president to blame for them. Democrats are all too often seen spending on the first solution to a problem. Special interests and our constituents also all have their wish lists, but no one wants to pay for them.

This broken process, replete with shutdown threats, stop gap measures, and a useless debt ceiling, threatens the promises made to older generations of Americans and the pledge we make to our kids to leave the world better for them than we found it. The massive national debt, driven ever-higher just this Congress by an unpaid for tax bill whose benefits skew to the wealthy and the super wealthy, represents escalating risks to our national and economic security. Left untouched, it will drive calls for massive cuts to Medicare and Social Security, and crowd out spending for education, infrastructure and the tools we need to give every American child the opportunity to earn a decent living in a changing economy.

There is only one question now: Who is going to blow the whistle on this whole sorry process? Will it be the Congress or the capital markets when they finally decide to teach us all the meaning of the word “unsustainable”? I am heartened by the convening of this committee, and humbly recommend you consider the following:

First, do no harm — defuse the destruction that the fiction of a debt ceiling can cause to markets and the lives of everyday Americans, and remove the incentive for ideological grandstanding and destructive hostage taking that we’ve seen too often in the past. Stop attacking the Congressional Budget Office when its estimates don’t match your Hopes and dreams.

Be honest and level with the American people on the complex nature of the problem and the big steps we must take to solve it. This body tried this once before with the Simpson-Bowles Commission, which represented a genuine compromise of shared sacrifice toward sustainability. While I and many fellow New Democrats and thoughtful Republicans supported this six years ago, you can see from our very presence here today it didn’t work out too well.

So what does it mean to be honest? Honesty requires a real budgetary process, not an optics-oriented partisan exercise. Honesty requires real public debate driven by facts instead of ideological fervor driven by special interest agendas. Honesty requires more Member input and real changes to the process that can allow room for debate. I encourage you to find ways to enshrine facts, honest arguments and real, genuine debate into the budget process.
Plan for the long haul. Bring Members together early to look at the far out horizon, come to consensus and develop a plan that can outlast the shifting partisan winds. This could include a switch to biennial budgeting, including hard monetary allocations that genuinely last a full Congress and allow agencies to efficiently plan and spend. It could involve bipartisan planning meetings at the beginning of each session, with procedures in place rewarding compromise and surety at the front end. And perhaps we could make room in the partisan, message-driven budgeting process to allow for consideration of a bipartisan budget resembling one we often ultimately end up with, months too late and after billions of dollars wasted.

Thank you again for your hard work, and I associate myself with the remarks of my fellow New Dems who have testified before this panel, the work of its thoughtful New Dem Member, Mr. Kilmer, and all the proposals New Dems have brought to the table. Let me leave you with this: if this committee and this Congress is serious about making government work, bringing bipartisanship and reason back to budgeting, and charting our country on a fiscally responsible path, the New Democrat Coalition is right here waiting to move our country forward.
Co-Chair WOMACK. I appreciate the testimony of Representative Himes this morning.

Our next witness from Kansas, Roger Marshall, representing the First District of Kansas. Sir, we appreciate the opportunity to hear your testimony this morning. We are going to give you 5 minutes as soon as we change a name placard. If you would engage that microphone, sir, we are going to give you 5 minutes, and the floor is yours.

STATEMENT OF THE HON. ROGER MARSHALL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KANSAS

Representative MARSHALL. Thank you, Mr. Chairman. And certainly, I don’t need to preach to the choir here and explain to you the challenges before us and the inadequacy of our efforts and results since my time here.

First of all, I want to just talk to you about solutions. My first suggestion is to consider separating the budget from the appropriations process. While it feels too much like an excuse I have heard from my own sons, having additional time to complete the annual budgeting and appropriation task would go a long way. While this city seems to live from new cycle to new cycle, I have never seen a company or organization that so often starts a year and continues working without a budget as a basic guide for the rest of their operations.

While I don’t like to admit that Congress is slower than we should be, there is something to be gained by recognizing this reality. Putting Congress on a 2-year budget cycle, a 2-year budget cycle allows an overarching agreement to be formed that Congress and then the work of Appropriations Committee can happen in a deliberate fashion rather than those two happening on top of each other, many times feeling like it is simultaneous to me. It seems like the budget has very little teeth to it.

Next, I would talk about staggering fiscal years for appropriations bills. At first glance, I am not a person that likes to make things more complicated, but we currently are moving from a cliff-to-cliff governance that having all 12 annual appropriations due in a single month creates. When all 12 expire at the same time and Congress gets behind the eight-ball, it is too easy to combine them into a large omnibus that leads us to passing one continuing resolution after another.

Next, I would talk a little bit about the increasing involvement with the authorizing Committees. And certainly, I know there are many appropriators in the group and that this suggestion may not be popular, and I salute those people that are doing the best job they can under the circumstances. But the reality is, despite your best efforts to reach Members through Member Days and the appropriation request process, non-committee members have much less involvement in the annual appropriation process. So, we need to look for ways to improve that.

And then finally just to touch on entitlement programs once again. Right now, three-fourths of our Federal budget is going towards these entitlement programs, and it seems like we don’t have a chance for the budget or appropriations Committees to do anything.
Certainly, I understand the entitlement programs are necessary. The retirees in my district count on knowing how much and when social security checks and Medicare benefits will arrive. However, the current treatment of that spending sets up failure, as there is no practical opportunity to edit or adjust the programs, even if working decades into the future. Right now, healthcare expenses are responsible for actually 28 percent of Federal spending. We have to find ways to have tough discussions and take this challenge head on.

Much of what needs to be done is outside of the congressional budget process, things like putting consumers back in charge of their healthcare dollars, increasing transparency and supply chains, and freeing private companies to innovate. But structuring our budget process in such a way to provide additional scrutiny into where these mandatory dollars go can help us start to bring the healthcare costs down.

Thank you so much for the chance to appear before the Committee.

[The prepared statement of Roger Marshall follows:]
Members of the Joint Select Committee on Budget and Appropriations Process Reform—

First, thank you for the opportunity to appear today and discuss the fiscal future of our great country. I also want to thank each of you for your willingness to serve on this committee.

I decided to run for Congress after a discussion with my wife Laina about the country we were leaving for our kids and grandkids. However, in my year and a half in Congress we have made little progress in our quest for fiscal discipline. The only budgets we have enacted have been to set-up reconciliation instructions and the only funding we have passed came either as a continuing resolution, or unwieldy omnibus. This is not at all a critique of our budget and appropriations committee members, but rather Congress as a whole. It is also far from a new problem as we have completed a budget in only half of our last 10 federal fiscal years, and we have finished less than 3% of our appropriations bills on time.

Further separate the budget from appropriations process. While it feels too much like an excuse I might have heard from my sons while they were in high school, having additional time to complete the annual budgeting and appropriations tasks would go a long way. While Washington may live from one news cycle to the next, I have never seen a company or organization that so often starts a year and continues working without a budget as a basic guide for the rest of their operations. While I don’t like to admit that Congress is slower than we should be, there is something to be gained from recognizing reality. Putting Congress on a two-year cycle allows an overarching agreement to be formed for that Congress and then the work of Appropriations Committees can happen in deliberate fashion, rather than those two processes occurring on top of each other.

Stagger fiscal years for appropriations bills. While on its face this goes against my advocacy for a simpler process, this would move us away from the current “cliff-to-cliff governance” that having all 12 annual appropriations due in a single month creates. When all 12 expire at the same time, and Congress gets behind the eight-ball, it is too easy to combine them into a large omnibus that leads us to passing one continuing resolution after another.
Increase involvement of the authorizing committees. I realize that there are many appropriators in this group, and that this suggestion may not be popular. The reality is that despite the Appropriations Committees' best efforts to reach members through member days and the appropriations requests process, non-committee members have much less involvement in the annual appropriations process compared to a decade ago when members could request earmarks. Let me be clear: I'm not advocating the return of earmarks, rather looking for a way to further vest members in an appropriations process that for too many of them has been difficult to buy into.

Develop a method for working on entitlement programs. Right now, three-quarters of our federal spending each year goes out the door with both our budget and appropriations committees doing absolutely nothing. Certainty in entitlement programs is a necessity. Retirees in my district count on knowing how much and when social security checks and Medicare benefits will arrive. However, the current treatment of that spending sets us up for failure, as there is no practical opportunity to edit or adjust the programs, even if working decades into the future.

Right now, health care expenses are responsible for a full quarter of federal spending. We have to find ways to have the tough discussions and take this challenge head-on. Much of what will need to be done is outside of the Congressional budget process – things like putting consumers back in charge of their health care dollars, increasing transparency in supply chains, and freeing private companies to innovate. But structuring our budget process in such a way to provide additional scrutiny into where those mandatory dollars go, can help us start to bend the health care cost curve down.

Thank you for your time today and for the opportunity to appear before you.
Co-Chair WOMACK. Representative Marshall, we appreciate it. The Committee thanks you for your testimony here this morning.

Our next witness doesn’t need a lot of introduction, been around these parts for a long time. He is authoritative in a lot of subjects regarding budgets and appropriations, having served as the overall Chairman of the appropriations process in the House for 6 years, continues to serve on the Appropriations Committee as a subcommittee chair.

And, sir, The Joint Select Committee appreciates the opportunity to hear your testimony this morning. So, at this time, I am going to recognize the gentleman from Somerset, Kentucky, Chairman Hal Rogers.

STATEMENT OF THE HON. HAL ROGERS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY

Representative ROGERS. Mr. Chairman, Mrs. Lowey.

Representative ROGERS. Thank you for the opportunity to testify this afternoon. I have been in this body for 38 years, 35 of which has been on the Appropriations Committee. So, I have a little bit of a unique perspective on the process, because of that long period of time.

Congress, of course, has the power of the purse and we are obligated to exercise that power, thoughtfully, responsibly, but also regularly. During my tenure as Chairman of the full Committee, my top priority, as was that of Mrs. Lowey, my ranking member, was returning to regular order, so that Members on both sides of the aisle had an opportunity to express the priorities of their congressional districts. Regular order means moving 12 bills through an open and transparent Committee process and then taking the bills to the House floor for discussion and debate in an open atmosphere.

In the 6 years that I was privileged to lead the Committee, as a result of that openness, we drafted strong bipartisan bills. I was proud to work with Ranking Member Mrs. Lowey and her predecessor, Norm Dicks, to bring 138 bills to the House floor, 69 of which were ultimately enacted into law.

Together, we debated over 2,100 amendments in the course of more than 550 hours on the House floor. The Committee held over 650 budget and oversight hearings, to ensure our tax dollars were being spent wisely. I am pleased and grateful that Chairman Frelinghuysen has continued these important efforts, maintaining a spirit of hard work and collegiality on the Committee.

The primary message, Mr. Chairman, Mrs. Lowey, the primary message I would like to convey to you today is that this important task, as time-consuming and politically difficult as it may be, needs to remain an annual exercise for two primary reasons: First, Congress has a responsibility to hold Federal agencies accountable to the American people through the appropriations process.

Second, in the dynamic world we live in today, Federal agencies need to be nimble and responsive. Their appropriations should reflect changing priorities and needs, and they need to be able to move expeditiously through reprogramming requests and the like.
And that means a constant contact with the appropriators all during the year, not just every other year, not just every year, but every day.

On the first point, no matter which party sits in the White House, in our system of checks and balances, the Congress has a duty to ensure the executive branch is responsibly spending Federal resources according to Federal law.

And I believe that moving toward a 2-year budget resolution as we have been doing, frankly, the last few years, is a good thing. It gives the Appropriations Committee and the Congress advance notice about what the targets are going to be 2 years from now so that we can plan for that.

So, I think a 2-year budget resolution will go a long way to promote regular order and stability, provided it also includes annual appropriations, to give you, as a Member of Congress, the chance to question agency heads and the like frequently, not just once a year but lots of times a year.

So, I am grateful for the work all of you are doing on this Select Committee, and I hope your recommendations will move our esteemed body forward.

I have noticed, Mr. Chairman, too that since the Senate has been unwilling or unable to take up and pass the appropriations bills that we send over to them, the agencies picked up on that really quickly. When the agency head would come before our appropriating House Committee, they knew that we could not pass through the Congress the bill appropriating for their agency. So, they were very unresponsive to the House appropriators, because they knew we didn’t have the whip to crack. And that is true even today.

So hopefully, our esteemed colleagues on the other side of the Capitol will come to their senses and allow a majority vote on going to proceed. If they want to filibuster the bill once it gets on the floor, fine and dandy, but moving to proceed on appropriations bills ought to be a majority vote. Neither body should have the authority and power to shut down the government. That is why we are here.

So, when the agencies that come before us to try to explain why they want an X amount of dollars and how they are going to use it, we need to be able to scare them, if you will, with the ability to pass these bills through House and Senate and make it law so that they can be responsible to us, as representatives of a lot of people.

So, Mr. Chairman, I thank you for convening this meeting. Thank you for letting me have a chance to say a word or two. I will be happy to answer questions if you——

[The prepared statement of Hal Rogers follows:]
U.S. Congressman Hal Rogers  
Chairman Emeritus, House Committee on Appropriations  

Testimony Before  
The Joint Select Committee to Hear Member Ideas on  
Budget and Appropriations Process Reform  

Wednesday, June 27, 2018  

12:30 PM  

HVC Room 210
Mr. Chairman, Mrs. Lowey, thank you for the opportunity to testify this afternoon. As a member of the House Appropriations Committee for over thirty-five years, I have a unique perspective on this process— which I maintain is one of Congress’ chief constitutional prerogatives. The Congress has the power of the purse, and we are obliged to exercise that power thoughtfully, responsibly and regularly.

During my tenure as Chairman of the full committee, my top priority was returning to regular order, so that members—on both sides of the aisle—had an opportunity to express the priorities of their constituents and the needs of their congressional districts. Regular order means moving twelve bills through an open and transparent committee process, and then taking the bills to the House floor for discussion and debate.

In the six years I was privileged to lead the committee, as a result of this openness, we drafted strong, bipartisan bills: I was proud to work together with Ranking Member Lowey, and her predecessor Norm Dicks, to bring 138 bills to the House floor,
69 of which were ultimately enacted into law. Together, we debated over 2,100 amendments in the course of more than 550 hours on the House floor. The Committee held over 650 budget and oversight hearings to ensure our tax dollars were being spent wisely. I am pleased and grateful that Chairman Frelinghuysen has continued these important efforts, maintaining a spirit of hard work and collegiality on the committee.

The primary message I’d like to convey today is that this important task – as time consuming and politically difficult as it may be – needs to remain an annual exercise, for two primary reasons. First, Congress has a responsibility to hold federal agencies accountable to the American people through the appropriations process. Second, in the dynamic world we live in today, federal agencies need to be nimble and responsive; their appropriations should reflect changing priorities and needs.

On the first point, it doesn’t matter which party sits in the White House: in our system of checks and balances, the U.S. Congress has a duty to ensure the executive branch is responsibly spending federal resources according to federal law.
We must demand accountability from federal bureaucrats, and the annual appropriations process is vital to that end. First, hearings and other committee oversight exercises ensure that executive branch leaders are in constant communication with Congress. If we move to two-year appropriations bills, the necessity of this frequent and close communication will undeniably abate. Second, the appropriations bills themselves are unbelievable instruments of accountability: requiring conditions on spending, such as spend plans, withholding of funds and reporting requirements. I fear moving to a two-year appropriation will diminish the impact of these congressional oversight tools.

Just as importantly, our appropriations bills must respond to changing priorities and needs across the government. I fear that moving to a bi-annual appropriations process will reduce this responsiveness. I also anticipate that it will result in massive and frequent reprogramming requests, or necessitate even more spending through Emergency Supplemental bills.
While I do believe that moving toward a two-year budget resolution will go a long way to promote regular order and stability, I am skeptical that two-year appropriations bills will have the same stabilizing effect.

I am grateful for the work of all of you on this select committee, and I hope your recommendations help move our esteemed body forward. I am happy to answer any questions you might have. Thank you for the time, and I yield back.
Co-Chair WOMACK. I appreciate your testimony. Mr. Rogers, I am going to yield to my distinguished co-chair, Mrs. Lowey. I know she has some comments she would like to make.

Co-Chair LOWEY. Well first of all, it has been an honor for me to work with you for many years on the Appropriations Committee, and I appreciate your testimony and I feel strongly that appropriations have to be dealt with every year. And certainly, the Foreign Ops subcommittee is a perfect example of changing conditions in the world.

On an optimistic note, it is my understanding that in the Senate, they are working together in a bipartisan way and are moving rather quickly and getting the appropriation bills through the process. So, I am always cautiously optimistic that together in a conference we can work together in a bipartisan way and somehow make all those poison pills disappear.

So, I want to thank you very much. It has been an honor for me to work with you, and thank you for presenting your views, with which I agree. Thank you.

Representative ROGERS. Thank you, Madam Chair——

Co-Chair W O M A C K. I know our next witness, Dan Webster, is waiting in the wings. I just wanted to throw out one thing on the table for my friend from Kentucky, and that is, when the Speaker led this morning, his thesis statement was questioning whether or not anybody believed that the Senate was ever going to be able to manage and pass 12 appropriation bills in any given year through the Senate. And so that becomes a basis for a debate and a discussion about that.

Now, the good news is when our Joint Select Committee first convened, we were careful not to make it a pick-on-the-Senate program, because half of our members are from the Senate, and they self-ID’d at the time that they were, indeed, part of the problem, that being able to manage 12 appropriation bills and because of Senate rules, there were problems there.

Do you think a biennial budget with 12 titles of appropriations every year is doable, given the fact that the Joint Select Committee is not going to have the power necessarily to impose a change. We can only advocate through legislative text some changes, but do you think that getting maybe to the motion to proceed under a simple majority would be the elixir that fixes that side of the problem?

Representative ROGERS. I think so. I met yesterday and had a good long talk with the Senate Appropriations Chairman, who, as you know, the Senate now has passed a minibus of three bills, which we will be able to conference one of these days, hopefully. But I think the motion to proceed in the Senate should be a majority vote, just to bring it up and get it on the floor, appropriations bills, I would prefer. If they want to do all, that is fine, but especially appropriations bills, which are a different animal.

And it is the existentialism. It is whether or not we survive as a government. But I think the motion to proceed should be a majority vote. Let that bill come to the floor; and if they want to filibuster it, hey, make my day. Speak all night, the way it used to be.

But I've been here a little while, and the first 25 years on this Committee it worked, not like a clock, but it worked. We passed 12
bills. We went to conference on 12 bills with the Senate. There was give and take. By nature, we had to compromise to polish up a bill to be able to pass with a majority vote. So, I have seen it work, and it works fine until the Senate comes up with that rule that is a monkey wrench in the cogs of government. So, I would hope that that would change.

I met yesterday with the President and the cardinals on the House and the Senate Appropriations Committee. And this was one of the main points of conversation that we had. And the President was very strong. That is not even the word for it. He was really strong to the Senators about changing that rule, but we found no sympathy on that side at this point in time.

But I think the pressure should build and is building on the Senate to change an archaic rule that is preventing the government from operating. And I don't get too excited about things, but I am excited about this.

Co-Chair WOMACK. That and Kentucky basketball.
Representative ROGERS. Yes.
Co-Chair WOMACK. Thank you for your testimony.
Representative ROGERS. Thank you, Mr. Chairman, and Madam, thank all of you for doing this hard chore. And it is good to see my friend from Louisville, Kentucky, who claims to have a good basketball team over there at U of L.

Co-Chair WOMACK. Thank you, Mr. Chairman. Appreciate your testimony.

Our next witness is Dan Webster from Florida. The Joint Select Committee Members’ Day group here this morning does appreciate the time you are spending with us. We look forward to your testimony. The floor is yours, sir.

STATEMENT OF THE HON. DANIEL WEBSTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Representative WEBSTER. Well, thank you, Mr. Chair, and others who are putting forth their time to listen to this hours of testimony, I am sure.

I came to talk about maybe appearance of the process more than just the minute details of the process. I believe that there is mission creep between the Budget Committee, the Appropriation Committee, and in the end the substantive Committees, the authorizers. And if you look at it closely, you will see that the appropriators in many cases do substantive law. They do riders. They do other things, including approving appropriations for nonexistent authorizations which have expired.

On the other hand, the Budget Committee bleeds over into substantive law by making assumptions of things that aren’t in law right now. And not only that, they also talk about the funding of those, which is the appropriation processes. That is their job, the appropriators. And if you just see, it all kind of bleeds together.

And then in the end, the authorizers in many cases set forth numbers, and that is not their prerogative, at least in a peer system. That is the appropriators. The appropriators take whatever is existing in current law, which is policy, and to whatever degree they determine they fund that policy—it could be zero, it could be $10, it could be a billion dollars—as opposed to the authorizers in-
serting numbers and basically making the appropriators follow suit.

So that is what I would like to talk about today. I think the easiest way to get started on the revamp is to get rid of the Budget Committee. That way, at least one of those bleeding over into the others would go away. I think it is redundant in a lot of ways. It is not nearly followed. Some years when we don't do it, we go out and promote the fact we are not doing it because it is really not needed. And other years when we need it, we do it. And it is like it either comes and goes, depending on what is the circumstance, and that is both parties have done that.

So, if you got rid of that, then the appropriators would only appropriate. They would appropriate on existing policy, whatever that policy is, and they would do it to the degree they determine and to the amount they determine or don't determine. And then on the other hand, the authorizers would not get to spend money. They could authorize something in let's say a bridge and right of way area and that you can spend money on bridges and right of way, but you don't necessarily put the amount down that you are going to spend. That is the appropriators' job.

And so, with that, the reason I would say that is I believe that if we can purify each of those areas—and the easiest one is to just get rid of one, that certainly purifies their motives and other things—I think you end up with a process at least where you are going to be able to participate at whatever level you want to, but what you know you are not going to be able to put money into a program that doesn't exist in the appropriation bill. Nor, by amendment, could you be able to put that—I mean into—you can't put authorized policy in an appropriation bill, nor could you put an appropriation bill—the appropriators cannot put policy in their particular bill.

That is a summation. There are all kinds of details it would have to go through. How do you get what the overall spending levels are? How do you allocate to each of the subs and all that? I didn't go into that. I do have some ideas about that, but I just said if we start by setting it.

The other is, I guess maybe the last thing, just we have too many lines on a sheet of paper, all of which claim to be the starting line for the budget or appropriation. And so, the baseline should be one, one baseline only. That way, the Members and public, everyone understands.

Appropriators appropriate, the authorizers authorize, and there is one line that you start with. That is what I would is say is the way to simplify the whole process.

[The prepared statement of Daniel Webster follows:]
Good Afternoon. Thank you Mr. Chairman for the opportunity to speak before you today sharing my thoughts for significantly reforming the budget and appropriations process.

Currently, our government funding process is a three-headed monster, involving the Budget Committee, the Appropriations Committee, and whichever relevant Authorizing Committee for each topic.

I submit that by streamlining these committees’ responsibilities and refocusing their areas of jurisdiction that we could significantly improve the process – and thus the product – for American taxpayers.

First, I propose eliminating the Budget Committee. For all intents and purposes, we have done this. For the last several budget cycles, we have ignored the product produced by that Committee. We should codify in our rules what happens in practice – the Speaker, in consultation with Senate Leadership and the Appropriations Chairs, would set topline spending levels. This agreement they reach, just like the recent Budget Deals, should then be subject to a full vote of the House and Senate.

Second, the Appropriations Committee needs to be refocused on government funding and remove itself from policy altogether. The Authorizing Committees should be given the sole responsibility to produce spending prohibitions, more commonly known as policy riders. Before the Appropriations Committee considers one of its bills, the relevant Authorizing Committee should submit a list of the policy riders within their jurisdiction to be added to the bill. The Appropriations Committee should then consider each proposed rider on an up or down vote.

Currently, all too often, we are making policy decisions through the appropriations process, which centralizes power in the Appropriators and makes rank and file member feel far removed from the process of governing. Appropriators should be limited to funding only those items currently authorized in law. This means enforcing longstanding House rules with regard to expired authorizations, which
we regularly waive. Reauthorizing the countless unauthorized programs will give Congress the ability to prioritize how taxpayer dollars are used, as well as give a wider swath of members meaningful engagement in the nuts and bolts of governing this country.

Lastly, we must follow regular order for developing, debating, passing and conferencing every spending bill. No member can legitimately claim that their voice was not heard if we follow regular order. Its when we break from regular order and pass Ad Hoc funding bills negotiated in secret and released at the 11th hour that members feel no investment in the product, and therefore no obligation to support passage.

It cannot merely be a House Rule, it must be the fervently held custom of this body to produce and pass 12 individual appropriations bills - as we did last year and as we’re working to do this year.

The American people are looking for a change. They are looking for transformation in how Congress does business. They are frustrated with our process. They know flawed process results in a flawed policy.
Co-Chair Womack. Thank you very much for your testimony this morning. The Joint Select Committee appreciates your input.

Representative Webster. Thank you.

Co-Chair Womack. We have one remaining witness, and he is the gentleman from South Carolina five, Representative Ralph Norman. Sir, we again appreciate the chance to hear your comments this morning. We are going to give you 5 minutes, and the floor is yours.

STATEMENT OF THE HON. RALPH NORMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

Representative Norman. Thank you, Colonel Womack. I appreciate the time with the Committee. I haven't been here as long as Hal Rogers or Dan Webster or Rob or a lot of you, but I just preface my prepared remarks with I don't think I have yet any—there is no topic that is of more concern to the people in my district than the budget, the deficit, the way we appropriate money, since I have been elected and even before then.

So, I would just preface my remarks, this is on the minds of the people. It is on the minds of the people that put us in office. And I am a business guy. I run a development company. But I appreciate you taking the time, and I won't need the 5 minutes.

I think we all agree our budget process is broken. The 1974 Congressional Budget Act laid out what our role was and the timeline for passing annual budgets and the 12 annual appropriation bills. The last time Congress passed all 12 appropriation bills was 1997. That is 21 years ago.

For six straight years, between fiscal years 2011 and 2016, not one single appropriations bill was passed on time. This isn't a Republican issue. This isn't a Democratic issue. As a business owner, as a developer, if I had not had a budget for 6 years, I would be broke. I would not be up here where I am today, because you would not have the dollars. The company would not have the dollars to exist. So not having a budget process, from a practical sense, does not make sense.

I firmly believe our Nation cannot and will not remain solvent if we keep passing trillion-dollar omnibuses and continuing resolutions. My constituents will not allow me to vote for something like that. This is a regular order and we must follow it.

And what is amazing is the appropriation bills only cover a third of our Federal spending. I would ask that we try to find solutions, those of you who are on this Committee and those of us as we serve in Congress.

The entitlement spending is the biggest driver of our spending problems. And I found pretty quickly up here everybody wants to cut until their ox is gored. And the current budget process does not force lawmakers to confront fiscal and economic reality.

Would a biennial budget and appropriations process work better? Would strictly voting on monetary values with no policy riders in appropriations bills alleviate the problem? Last year, we passed all 12 appropriation bills in regular order with amendments, and the Senate did not do anything.

I guess I would ask, what can we do to ensure the Senate acts? Would implementing language force them to act better? I don't
know. All I would say is it is time for us, those of us elected offi-
cials to start making the tough decisions with spending, entitle-
ment reform programs. We have got to start addressing these in a
timely manner and go back to basics, which, as a business owner
and business owners all across this country I think would agree
with.

Thank you, Colonel, for your Chairmanship, and thank the Com-
mittee with the steps they take that will hopefully solve this prob-
lem.

[The prepared statement of Ralph Norman follows:]
Rep. Ralph Norman (SC-05)

Thank you, Chairman Womack and to the whole committee for allowing me to come testify about budget and appropriations reform. I certainly appreciate the opportunity.

First, let me start by saying the one thing that everyone knows – our budget process is broken, point-blank. The 1974 Congressional Budget Act specifically laid out what Congress’ role is, and the timeline, for passing an annual budget and the twelve annual appropriations bills. The last time Congress passed all 12 appropriations bills on time? 1997.

That means for twenty years, Congress has essentially not done its job when it comes to funding our government in a timely manner. In fact, for six straight years, between fiscal years 2011 and 2016, not one single appropriations bill was passed on time.

How is this possible? This issue is not a Democrat or Republican issue. This is a bipartisan issue. As a business owner, if I had an annual deadline for my budget, there would be no way my doors would still be open if I did not provide a budget for six straight years. Why doesn’t Congress abide by its own rules?

Our nation cannot and will not remain solvent if we keep passing these trillion-dollar omnibuses and continuing resolutions. My constituents will not allow me to vote for something like that. There is a regular order and we must follow it. One thing that I find most astonishing is that these appropriation bills only cover about a third of all federal spending. We need to find solutions, and do it sooner than later.

While entitlement spending is the biggest driver our spending problems, there must be ways Congress can fix our current appropriations process. The current budget process does not force lawmakers to confront fiscal and economic reality.

- Would a bi-annual budget and appropriations process work better?
- Would strictly voting on monetary values, with no policy riders in appropriations bills alleviate the problem?
- Last year, the House passed all 12 appropriations bills in regular order with amendments, and the Senate did nothing. What do we need to do to ensure the Senate acts? Would implementing language, forcing them to act, work better?

It’s time for Congress, and an administration willing to make tough decisions regarding our spending, to act. It’s time for us to start making those tough decisions. We need to reform entitlement programs. We need to cut spending, regulations, and taxes. We need to do it through a revamped budget process. We are all here because we told our constituents that we can make tough decisions. Let’s go back to the basics and prove to those who elected us that we can, in fact, work together to fund our government on time and that we can tackle our out-of-control spending. I applaud the Chairman and the committee for taking that first step with their budget.

I yield back.
Co-Chair WOMACK. I thank the gentleman from South Carolina for his testimony this morning. I will yield to the distinguished co-chair for any last-minute comments.

Co-Chair LOWEY. Well, I just want to thank my co-chair. It has been a pleasure working with you. I appreciate all those who have submitted testimony and those who were here today. And I look forward to reviewing the information and then coming to some conclusions, which may or may not be implemented. But thank you so much.

Co-Chair WOMACK. I thank the gentlelady. That completes the Committee's business for today. I would like to thank all the Members who shared their views before the Committee.

As was stated in the opening remarks, written comments already submitted will be made part of the official record. And in consultation with the co-chair, I seek unanimous consent to allow other members who may wish to input this process that were unable to be here today to have until the close of business on Monday, July 2, for such purposes.

Without objection, so ordered.

[The prepared statement of Rob Bishop follows:]
Joint Select Committee on Budget and Appropriations Process Reform

Member Hearing

June 27th, 2018

Testimony of
Rep. Rob Bishop (UT-1)

Systemic Congressional Reorganization

Congress has the ability to fashion itself in whatever form it deems appropriate in order to exercise its appropriations prerogatives and responsibilities. It is time to revisit how this is done. The status quo, whether fair or not, fosters accusations of abuse and self-interest. There is little ability for authorizing committees to influence spending decisions, and great power has been placed in the hands of very few. Elected leadership has sometimes been shut out of the process. It is time to address these concerns for the sake of the institution of Congress and good government, thereby ensuring the respect of the American people in our ability to govern in a principled and logical manner.

It may appear nothing short of impertinent for someone to suggest an alternative to a congressional structure that has evolved for more than 200 years. It is only with the utmost institutional respect that I suggest it may be good to play devil’s advocate and review the logic of our procedure. After all, remember the words of Tevye in Fiddler on the Roof, “You might ask why we do this? No one knows. It’s tradition!”

These suggestions are not rooted in the abstract. Over 50 years ago in my home state, some very forward-looking legislators and staff tried to think outside the box to improve a chaotic system that had evolved in the Utah legislature. Budgets were approved, but with great pain and much frustration on behalf of both members and leadership. Utah created a process unique among the states, which may look radical to some, but in reality it works. Any suggestions for alternative methods for Congress are based on 50 years of successful activity and implementation.

(I admit to a selfish motive. The present system of creating a budget and appropriating funds has me shell-shocked. The President presents a budget and I get hit with criticism. The Budget Committee suggests a budget and I get hit with criticism. The Appropriations finally create a real budget and I get hit with criticism. I take multiple votes on multiple budgets, each time opening myself to more criticism. I then sit back for each conference committee to produce the real budget, usually unaware of the details therein – and brace for one more round of criticism. I would like to minimize the pain.)
Article 1, Section 9 of the U.S. Constitution provides that, "No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law."

Nevertheless, the Constitution does not mandate any specific manner in which the appropriations shall be made. Determining the manner of appropriations is the sole prerogative of the Congress (see CRS Report, Appropriations Subcommittee Structure: History of Changes from 1920-2007 by J. Santum, pg. 1.)

The appropriations process and committee structure has evolved over the decades to accommodate new and different funding requirements for federal departments and discretionary spending.

In the 19th century, appropriations were usually handled within standing authorizing committees of the House on a piece-meal basis. The 20th century enlarged the Appropriations Committee as we know it today along with gradual decline in the power of authorizing committees to determine and influence spending decisions.

Clearly, Congress has the ability to fashion itself in whatever form it deems appropriate in order to exercise its appropriation prerogatives and responsibilities.

The status quo, whether fair or not, fosters the accusations of abuse and self-interest. One need only read headlines. "The Hill" newspaper, dated September 5, 2006, page 10 is indicative of this problem; "Appropriators hog Labor-HHS pork." The article details how the Congressional Districts slated to receive the most money consisted mainly of the membership of the subcommittee. The chairman’s district received over $10 million in earmarks. With the elimination of the earmarks, nothing really changed. With elimination of earmarks, nothing really changed.

The status quo allows for funding programs which have never been authorized, or for which an authorization has expired, leading to an inability to coordinate policy and spending decisions. These are specific criticisms that result from the congressional structure and one can change the policy results.

It is time to address not specific funding issues, but the larger issue of congressional structure for the sake of the institution of Congress and good government, thereby ensuring the respect of the American people in our ability to govern in a principled and logical manner.

The goals of the following proposal are:

1. Maintain the unique function served by the Appropriations Committee.
2. Increase the role elected leadership would play in the process to a level commensurate with the accountability they currently shoulder for the final product.
3. Allow greater participation of all members in the final product. In Utah this has resulted in a greater sense of ownership and less rancor on the final budget vote. It also minimizes the number of painful appropriation votes an individual member must currently take.
4. Merge the authorization and appropriation process to one of cooperation in contrast to the sometimes rancorous current relationships.
5. Encourage a greater congressional role in oversight of administrative rules and regulations.
6. Simplify the process of how an appropriations bill becomes law.

Whether right or wrong, Leadership is held accountable by the public for congressional spending, and Leadership has the responsibility to sell a collective product to the public. It is only logical that Leadership has a corresponding authority throughout the appropriations/budget process. The public looks for a unified voice of explanation, and that too falls, for better or worse, on the shoulders of Leadership.

A new committee structure would reorganize the existing budget and appropriations committees and adjust most standing committees to create a new structure that allows more input, empowers members, streamlines the appropriations process and produces a better product for the country.

The following proposal is a bold, systemic change in procedure. It would be a reform package to excite the imagination of even the most unjust critic of our present system.

It includes a new combined budget and appropriating committee called the Appropriations & Budget Committee (ABC).

Step One (optional, but wise)

Leadership

It is obviously important for Leadership to establish a “vision” or “mission statement” of each year’s spending priorities. Each conference needs the opportunity to discuss priorities with Leadership. Such a process will help the entire conference buy into the ultimate “vision” of the final congressional budget. If nothing else, such a meeting will provide a cathartic release to help create a unified conference moving forward. This step is for conference input and suggestions only.

Step Two

The new process officially starts with a newly defined Appropriations & Budget Committee (ABC)

Chair: Budget & Appropriations Committee Chair is the old Appropriations Committee Chair. The old Budget Committee is folded into the functions of the new Appropriations and Budget Committee.

Membership: The full ABC must include elected Leadership, Appropriations/Budget Committee Chair and RM, possibly Appropriations Subcommittee chairs and RMs and others determined by the leadership. A smaller committee tends to be more efficient.
Purpose: 1. Establish spending ceilings for each Appropriations Subcommittee. Allocations are based in revenue projections and consideration of conference priorities.

2. Appropriations subcommittees would have discretion as to spending priorities within the allocation cap. Detailed programming roadmaps would be the function of the subcommittee.

Timeline: Allocations should be given in each budget year.

Our present two step Budget Committee and then Appropriations Committee process is at best archaic and cumbersome as the two groups micro-manage one another. It leads to confusing perceptions as to basic goals. It diffuses efforts into counter-productive posturing – and that may indeed have been why this convoluted process was originally established. Regardless, it doesn’t help.

To better promote a unified conference message, we must redefine and reconcile the expectations and actions of these two committees.

The budget function of this new Appropriations & Budget Committee is to set spending limits for the Appropriations Subcommittees. This would be the maximum spending for each budget area without micromanaging specific program spending. Individual budget area or line-item spending decisions would be each Appropriations Subcommittee’s prerogative. This would eliminate conflict and clarify expectations.

This new Appropriations & Budget Committee must remain in control of the process if the final spending product is to reflect conference/leadership goals.

Step Three

Purpose: Appropriations Subcommittees:

1. Standing Committee would match one Appropriations Subcommittee
2. Appropriations Subcommittee establishes the spending budgets for all agencies assigned to this area of jurisdiction.
3. Appropriations Subcommittee spending must be within the allocation given by the Appropriations & Budget Committee.

Purpose: Standing Committee:

1. Standing Committees control spending authorization.

In the unlikely event of a total breakdown of this process (failure to stay within spending limits or meet time deadlines), the ABC would be empowered to take authority for purposes of creating a final budget.
Timeline: Established by leadership, but the standing committees would hopefully further recommendations by early summer of the budget year.

The restructured Standing Committee process is for greater efficiency and cooperation that will hopefully produce a better product. The Appropriations Subcommittees will work with the Standing Committee to provide full coordination between policy and spending.

The system will evolve, as our present system has, by the personality of those chairs involved but cooperation will do much to create a common policy connect between legislation and funding. We can eliminate some of the contention and the sometimes accurate public criticism of authorizing unrealistic funding maximum levels as well as the funding of programs whose authorization was expired.

Not every Standing Committee need have an Appropriations Subcommittee. It would make little sense for the Rules Committee or Ways and Means Committee or Ethics Committee to have such a subcommittee. Some Appropriations Subcommittees could have scope and structure adjusted periodically by leadership. For example, the intelligence budget could be handled by the Intelligence Committee or just as easily by the Armed Services Committee. It could also be divided between the two. The House Administration Committee could oversee a legislative branch appropriations bill or Oversight and Government Reform, for example, could be tasked with the bill. The key element is to provide some connection between the act of authorizing and the actual appropriations.

Current Appropriations Subcommittees would need to be realigned by leadership to meet the standing committee structure.

**Step Four**

Standing Committee recommendations are referred to the Appropriations & Budget Committee.

Chair: See above

Membership: See above

Purpose: ABC assembles the final Appropriation Act (note singular).

1. Accept committee recommendations and incorporate into final bill, or
2. Reject and refer items back to the appropriate Standing Committee and Appropriations Subcommittee for further consideration if budget allocations have been exceeded or conference priorities have been grossly ignored, or
3. Accept the recommendations but incorporate technical amendments that do not violate authorization authority, spending limits or legislation on an appropriations bill, or
4. Reject the recommendations and assume the authority to write that portion of the Appropriations Act if the subcommittee/full committee fails to meet budget limitations, policy requirements or timelines.
5. Finalize and prepare the House Appropriations Act.
6. Refer the Appropriations Act to the Rules Committee for an appropriate rule.

With formal committee hearings and mark-up in the Appropriations Subcommittee and Standing Committee, there would be no need to re-invent the wheel with duplicative testimony in the ABC, but the committee could hear new testimony if it wished.

Timeline: Established by leadership, but the ABC would hopefully further recommendations to the Floor by mid-summer.

The public wants one voice to explain spending policy and one group to be held accountable. This new step provides that.

Leadership is ultimately accountable and responsible for the overall appropriations product. This body would now have the final responsibility to put it all together. If the other players have done their jobs well, it is simply a matter of furthering the individual appropriations to the next step. If the process has broken down, Leadership must play the adult role. The ABC must have the ultimate authority to approve an appropriation.

If the appropriation of the area subcommittee is not complete, is stuck in the controversy, is not within spending guidelines, this new, combined Appropriations & Budget Committee has to do the job in a timely fashion. They have to have the final authority. The same body in the Utah process has, on occasion, had to step in and draft an act when a recalcitrant subcommittee (it was usually an arrogant, rogue chair not the committee) refused to meet spending or time deadlines. That happens very infrequently, and with the threat of losing ultimate control of the issue, most committees work to compromise and meet both spending and time limits/deadlines.

Congress currently passes multiple appropriation acts. This traditional area by area review could be easy to accommodate, but, at the will of the majority, there would be nothing wrong with an omnibus package that had already been thoroughly vetted in the four previous steps of this outline. Such a bill may indeed be easier to pass and explain. It would certainly be a transparent process. Leadership could also elect to handle each budget/committee area separately.

This proposed process expands the authority of leadership, but that is also their logical responsibility. The process also insures that the will of the conference will be given adequate consideration. In Utah this structure has produced a better product. It would be the same result in Washington.

Step Five

Appropriations Act is referred to the Rules Committee for appropriate rule
Chair: Same as present
Membership: Same as present
Purpose: To recommend the Appropriations Act to the Floor.

With formal debate and amendments in the Subcommittee, Standing Committee and possibly the Appropriations & Budget Committee, there is little need for redundant debate on the Floor. There would be no need for limitation amendments which act as legislation in the negative on the Appropriations Act. Funding prohibitions as a back door policy initiative has always been inappropriate. A closed or modified closed rule would be logical. At the minimum, potential floor amendments should be reviewed by this body. Again, limitation amendments or other forms of legislation policy in an appropriation bill would no longer be needed, helpful to the process, or allowed on the Floor. Those issues should be resolved in the other subcommittees and standing committees.

Step Six

Appropriations Act to be debated and passed on House Floor.

Timeline: Before August recess

Home free and the public would love us for getting it done on time.
Comparative Advantages to this process

1. Greater leadership control of budget and appropriations process
   a. Leadership would have final control through the Appropriations & Budget Committee of overall spending
   b. Leadership would have greater control of appropriations message to the public
   c. Leadership and the conference would have an easier process for program prioritization
   d. Less demand for projects
   e. Greater opportunity to complete a final budget in a timely manner

2. Greater input and buy-in by membership
   a. All members have input and a vote on a portion of the budget and appropriations act in a standing committee
   b. All members, either as an appropriator or as a member of the standing committee, develop expertise on a portion of the spending budget
   c. All members review how the administration is enforcing provisions of at least one portion of the budget
   d. All members have a better understanding of the pressures on appropriators
   e. With greater input in the process, all members would have an incentive to be selective with spending requests and develop a greater sense of frugality. Hey, it worked in Utah

3. Eliminates special interest group bashing of Congress before actual policy decisions have been made

4. Eliminates limitation amendments and legislating on the Appropriations Act
**Appropriations & Budget Committee (ABC)**
(creates priorities and sets funding limits for appropriations subcommittees)

**Appropriations Subcommittees**
(funds authorized programs)

**Authorizing Committees**
(authorizes programs)

**Membership:** elected leadership and chair/RM

**Chair and RM of authorizing committees serve on appropriations subcommittees, and vice versa**

**Hearings and markup**

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**Appropriations & Budget Committee**
(Compiles subcommittee work into single appropriations act)
- Accepts subcommittee works or
- If limits exceeded sends back to subcommittee for additional work or
- Has authority to adjust subcommittee work to fit funding limits
*Someone has to be adult in the room, the role of the ABC*

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**Rules Hearing**
No real need for amendments as all have already had a say in committees

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**Floor Action**
Mr. Chairman and Committee members, while I applaud the Committee’s work to evaluate ways to improve the budget and appropriations processes, I appear today to join my fellow appropriators to emphasize how important it is to conduct the appropriations process on an annual basis while maintaining the integrity and independence of the Appropriations Committee.

As we have seen in the current budget agreement, it has been useful to have a two-year deal on the overall spending caps. We have been able to move from fiscal year 2018 to 2019 appropriations with minimal disruption and delay because there haven’t been disagreements on overall spending.

But it is entirely different when you consider annual appropriations bills. Even one year is a long time to stay current on the latest needs for our agencies.

For example, providing an annual appropriation for military construction is key to how the Department of Defense plans its military construction projects. Each military construction project is a new start that requires a corresponding authorization for each project within the NDAA, which is done annually. These projects are determined on whether execution is possible in the fiscal year in which requested.

Additionally, some of the largest Veterans Affairs medical care programs are advance funded, but every year we have to provide "second bite at the apple" funding because VA estimates of program costs change. Funding VA once every two years would jeopardize care for veterans, when VA identifies needs after the appropriation is complete.

These are just some of many reasons why I urge the Commission not to propose biennial appropriations. Ending annual appropriations would lead to a cycle of unpopular supplementals every non-appropriations bill year.

I also caution the Committee to resist efforts to dismantle the Appropriations Committee or merge it with another committee. The appropriations process remains the most effective annual exercise of Congressional oversight. Disrupting an already challenging process would ultimately result in an erosion of Congress’ Constitutionally-mandated power of the purse and impair the essential oversight the Legislative Branch must do on the spending of taxpayers’ hard-earned dollars.
Additionally, it is critical to have members who specialize in the process of allocating spending while authorizers focus on policy. Any effort to comingle these jurisdictions runs the risk of watering down both the expertise of appropriators and authorizers.

Again, I appreciate the chance to express my concerns. I stand ready to work with my colleagues to bring sensible reforms that ensure the budget and appropriations processes remain effective components of ensuring taxpayer dollars are wisely spent.
Co-Chair WOMACK. And, with that, the Committee stands adjourned.
[Whereupon, at 12:22 p.m., the Committee was adjourned.]
Joint Select Committee on Budget & Appropriations Process Reform
Wednesday, June 27, 2018 Members Day Hearing
Testimony for the Record
Rep. Bradley Byrne (R-AL) and Rep. Paul Mitchell (R-MI) Testimony

Opening Statement

Chairman Womack, Co-Chair Lowey, and Members of the Select Committee on Budget & Appropriations Process Reform, we appreciate the opportunity to submit our testimony and offer our perspectives on Congress’s current budget and appropriations process, as well as present our views about what can be reformed.

It is obvious our budget and appropriations process is fundamentally broken. We have had one continuing resolution after another, have resorted to omnibus funding measures instead of individual appropriations bills, and have had multiple government shutdowns. We have seen these failures play out repeatedly.

History shows the budget tools we have do not work, and they never have worked. If anything, matters have gotten worse. This not only is bad procedure; it also creates a climate where we govern from one crisis to the next, and prevents us from other vital authorization, oversight, and spending reform initiatives. It’s also terrible politics - we rush out products just to keep the lights on, and in election years we hardly budget or appropriate at all. More importantly, as we move from crisis to crisis on discretionary appropriations, our mandatory programs receive scant attention despite the threat they pose to our nation’s fiscal solvency.

Thankfully, Speaker Ryan has supported process reform, as shown during his House Budget Committee Chairmanship. Current Budget Chairman Womack has stated such reforms will be a theme of his tenure. Finally, the Bipartisan Budget Act - itself a result of budget and appropriations process failures, created this very Committee - the Joint Select Committee on Budget and Appropriations Process Reform - to find solutions to our budget and appropriation process problem.

We appreciate all your efforts to date and the opportunity to testify in support of one potential solution, our bill, the Protecting Our Children’s Future Act (H.R. 5214). We chose this title because budget process reform is fundamentally about ensuring our children and grandchildren are not straddled with a spending and debt burden that we failed to confront. As the Joint Select Committee continues its vital work, we would appreciate your consideration of our important legislation.

Current Broken Process

As you all know, in 1974, Congress enacted the Congressional Budget and Impoundment Act. Unfortunately, its reforms have never worked as intended. Forty years later, the government is considerably larger and filibusters are now the norm for all appropriations bills.

According to the Congressional Research Service, during the 25-year period covering FY1952-FY1976, when the fiscal year began on July 1, at least one regular appropriations bill was enacted after the fiscal year began. Since FY1977 – when the Congressional Budget Act of 1974
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was fully implemented and all the appropriations bills were enacted on time – all of the regular appropriations bills were enacted before the beginning of the fiscal year in only three instances (FY1989, FY1995, and FY1997).

Between FY1977 and FY2018 (excluding the four fiscal years in which all appropriations were enacted on time), over half of the regular appropriations bills for a fiscal year were enacted on time in only one instance (FY1978). In all other fiscal years, fewer than six regular appropriations acts were enacted on or before October 1. In addition, in 15 out of the 41 years during this period, none of these regular appropriations bills were enacted prior to the start of the fiscal year. Ten of these fiscal years have occurred in the interval since FY2001.

In the interval since FY1997 – the most recent fiscal year that all regular appropriations bills were completed on time – CRs have been enacted on average almost six times per fiscal year. During this period, CRs provided funding for an average of almost five months each fiscal year.

Even when Congress doesn’t resort to CRs, we all too often use Omnibus spending bills as opposed to individual appropriations bills. During the 32-fiscal year periods covering FY1986-FY2017, 23 different omnibus measures were enacted for 20 different fiscal years. (Two separate omnibus appropriations acts were enacted for FY2001, FY2009, and FY2012.)

Some years even the last-resorts of CRs and Omnibuses have failed, leading to funding lapses and government shutdowns. Since FY1977, there have been 19 funding gaps, including the shutdown earlier this year. This does not count the enactment of a CR on the day after the budget authority in the previous CR expired, which has occurred often, including once this fiscal year.

This history confirms what we all know: The time for a new process is now.

The Protecting Our Children’s Future Act (H.R. 5214) - Summary

To meet this charge, we worked together on crafting the Protecting Our Children’s Future Act (H.R. 5214). Our bill has six main points:

1. Biennial Budgeting and Appropriations
2. Fiscal Year Matches Calendar Year
3. Applies No Budget, No Pay
4. Reconciliation Procedures for Appropriations Bills in the Senate (Majority Vote)
5. Turns Nearly All Mandatory Spending into Discretionary Spending
6. Requires Zero-Based Budgeting for President’s Budget

Most of these ideas are not new, and in fact, some of them have previously passed the House of Representatives. Our bill represents a culmination of these vital reforms, and is structured in a way that makes adoption easier and comprehensive.
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The Protecting Our Children’s Future Act (H.R. 5214) Details

What follows is a detailed explanation of what problems our bill fixes, and what solutions we have identified.

Broken Budgeting Process

In 1974, Congress enacted the Congressional Budget and Impoundment Act. Forty years later, the government is considerably larger and filibusters are now the norm for appropriations bills. This legislation makes the following reforms to confront this problem:

- Biennial Budgeting – The bill moves the budgeting and appropriations process to a two-year cycle. A more realistic timeframe for the budgeting and appropriations process will make it easier for Congress to make real and significant changes in spending and exercise more effective control. Congressional committees will spend more time overseeing how effectively money is spent, and a two-year process will also help us get out of the cycle of constant CRs.

- More realistic and appropriate budget time frame, based on the calendar year – Under current law, a new president is expected to submit a budget for the next fiscal year mere weeks after being inaugurated, and Congress is expected to pass appropriations bills by October 1, just over a month before an election. This timeframe is unhelpful, has led to an increase in CRs, and has further eroded the budget process. For that reason, our legislation adopts a modern timeframe that Congress can stick to:
  - First Session of Congress
    - First Monday in April – President submits a biennial budget, giving additional time for a new administration to get a budget proposal together.
    - June 1 – Both Chambers report a Budget Resolution.
    - June 30 – Both Chambers agree to a Budget Resolution.
    - July, September, October, first half of November – Congress passes biennial Appropriations bills and conferences those bills (and passes a biennial NDAA).
    - November 15 – Congress completes action on appropriations.
    - January 1 – Appropriations from last biennium end and new biennium begins.
  - Second Session of Congress
    - Session focuses on authorizing committees reporting authorizations and oversight.
    - First Monday in April – President submits review of the biennial budget.
    - July 31 – Congress completes action on reconciliation legislation (if not sooner).
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Unenforceable Budget Process  
Even though passing a budget is required by federal law, in recent years the House and Senate have often been unable to fulfill this fundamental requirement of governing. Often budget chairs have put together great products only to have the membership of the body refuse to cast a tough vote or refuse to come to a consensus with the other chamber. Furthermore, the budget only requires a majority in the Senate but 60 votes to pass appropriations bills. Thus, translating the budget into appropriations can be difficult. This legislation seeks to address these issues in two primary ways:  

- **No Budget, No Pay** – If the House and Senate have not conferred a budget resolution by June 30 of the first session of Congress, the clerk of each chamber is directed to hold the salary of members in escrow until a budget resolution passes both chambers.  

- **Reconciliation Procedures for Appropriations Bills that Stick to the Budget** – The bill extends the reconciliation procedures of the Budget Act that both chambers have previously agreed upon to appropriations bills if those bills meet their budget allocations. As with reconciliation bills, appropriations bills would be limited to 20 hours of debate in the Senate (or 20 hours per section in an omnibus) with an unlimited amendment process. Once all amendments are exhausted, appropriations bills would pass with a simple majority in the Senate. Authorizing legislation and authorizing language attached to appropriations bills would still require 60 votes in the Senate if a point of order is raised.  

Broken Appropriations Process  
In recent history, the House of Representatives has finished its work, passing full appropriations bills out of our chamber. Unfortunately, the Senate has not gotten our work to the President’s desk. More often than not, they haven’t even begun to consider appropriations bills on the Senate floor. As a result, the federal government has been forced to rely on one short-term spending bill after another. The bill seeks to address these issues in two important ways:  

- **Workable Procedural System** – As discussed above, the legislation extends the reconciliation procedures already used by the Senate and agreed to by the House to appropriations bills. As with reconciliation, the minority would have an unlimited right to amendments to appropriations bills in the Senate; however, if those bills were in compliance with the budget resolution, the bills could pass with a simple majority support in the Senate.  

- **Repeal of the BCA Caps** – In 2013, Congress set artificial caps on spending, controlled through executive branch sequestration. In a constitutional head spin, regardless of what we appropriate, the executive is authorized to make across-the-board cuts. The BCA was designed to be so punitive that Congress would be forced to fix mandatory spending, the real problem we were facing. However, for the last six years, Congress’s focus has been on extracting agreements to keep the Pentagon barely afloat. The conversation has completely shifted from controlling the driver of our spending problem (entitlements) to raising BCA caps. The budget caps came about solely due to a previous Congress’s
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failure to come to a comprehensive agreement and reforms that this legislation entails. For that reason, this legislation replaces indiscriminate budget caps with real spending reforms and allows Congress the time and tools necessary to replace across the board cuts with targeted reductions that make sense.

Out of Control Growth in Spending – Under our Constitution, no money is to be drawn from the treasury except as a consequence of an appropriation of law. Despite this important check on the executive, successive Congress’s over the last 70 years have written blank checks to the executive to spend future money at ever increasing levels. The CBO baseline includes over 560 mandatory spending accounts. Of course, these accounts represent funds coming out of the federal treasury outside of the appropriations process. Congress should control every federal dollar that leaves the Treasury. However, other than raising the debt ceiling, we rarely take a vote on 2/3 of spending every year. This bill seeks to address out of control spending in two ways:

- **Moving Most Mandatory Spending to Discretionary Side** - The bill moves all mandatory spending other than Social Security Old Age and Survivors benefits, Medicare, TRICARE, and Veterans Programs to the biennial appropriations process. This would represent a move of $1.2 trillion in FY 2018 to the discretionary side, increasing to $1.7 trillion by 2027. The bill retains the reconciliation process for controlling the remaining mandatory spending (other than Social Security).

- **Zero Based Budgeting** – Unfortunately, under our current system, ever increasing federal spending is built into the federal budget baseline. Under this legislation, the President’s biennial budget would have to be zero based. Under zero-based budgeting, all programs and expenditures are reviewed at the beginning of each budget cycle and must be justified in order to receive funding. No federal spending is taken for granted.

The reforms in this legislation would fundamentally reform the way the budget and appropriations process works, reassert congressional authority, and set our country on a more stable fiscal path.

How Does a Biennial Budget Look in Practice?

Any substantial changes to the budgeting and appropriations process would have to be carefully thought through to ensure it is functional. Below is a real-world example of how the new timetable would work.

The numbered subheadings would be language put in statute. The subset letters would not be in statute; they are notes how this would look in practice.

The years listed are just exemplary; the Protecting Our Children’s Future Act calls for a delayed implementation date so Congress and all government agencies can prepare for the new budget process.
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The below also assumes the Calendar Year and Fiscal Year start at the same time, are the same length, and end at the same time – Jan. 1 to Dec. 31, as called for in the Protecting Our Children’s Future Act.

Key Dates

November 2018 – Midterm Elections for 116th Congress
January 2019 – 116th Congress Begins
November 2020 – Elections for 117th Congress and Next POTUS
January 2021 – 117th Congress Begins
January 2021 – Trump First Term Ends
January 2021 – Next POTUS Term Begins

Trump Administration Years: 2017, 2018, 2019, 2020
115th Congress Years: 2017, 2018
116th Congress Years: 2019, 2020
117th Congress Years: 2021, 2022
Election Years: 2018 (Midterms), 2020 (POTUS), 2022 (Midterms)

Revised Timetable

Revises timeline for the Budget Process
1. First Monday in April of the First Session of a Congress – President submits his budget
   a. This occurs in April 2019, early on in the First Session of the 116th Congress, and in Year 3 of 4 of the Trump Administration. The Budget covers 2020 (Second Session of 116th, 4 of 4 Trump) and 2021 (First Session of 117th, 1 of 4 Next Administration). The next time this step occurs is April 2021 during the First Session of the 117th Congress and First Year of the Next Administration, covering 2022 (Second Session of 117th, 2 of 4 Next Administration) and 2023 (First Session of 118th, 3 of 4 Next Administration). This means each budget plans for 2-and-a-half years out, at its longest point. A result of this is it will occur where a budget covers the first part of a new Congress, and every other Budget the first part of a new Administration. If the current law timeline was actually followed, a similar situation would occur, but the length of time for overlap would differ. The President’s Budget will never be submitted during an election year. Having this occur in April gives any new Administration time to compile a substantial budget as opposed to a Skinny Budget.
2. April 15 – CBO submits report to the Budget Committee
   a. Same timeline and practical execution as above.
3. Not later than 6 weeks after budget submission – Committees submit views and estimates to the Budget Committees
   a. Same as above. We are now into mid-May of 2019. Authorizing Committees have had 6 weeks to complete their work, same as current law.

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4. June 1 – Budget Committees report concurrent resolution on the biennial budget
   a. Same as above. It is now mid-year 2019, and we are a quarter of the way through the 116th Congress. We are about to start doing appropriations bills for 2020 (Second Session of 116th, 4 of 4 Trump) and 2021 (First Session of 117th, 1 of 4 Next Administration). Budget Committees have had April and May to complete their work.

5. June 30 – Congress completes action on concurrent resolution on the biennial budget & House may begin consideration of appropriations bills
   a. Same as above. Congress has had 1 month to review the Budget Committee products.

6. September 15 – House Appropriations Committee reports last biennial appropriation bill
   a. Same as above. Appropriators have had June, July, August, and half of September to complete their work. Congress has the remainder of the year – up to 6 months – to finish 12 2-year appropriations bills.

7. January 1 – Biennium Begins
   a. We are now into the Second Session of the 116th Congress, calendar year 2020. By this timeline and schedule, Congress has now finished the 12 Appropriation Bills that fund 2020 and 2021. Aside from Reconciliation, there are no Budget or Appropriations Activities in an election year. In the 2nd Session of any Congress, there will be oversight and authorization activities, as well as potentially any reconciliation bill.

8. July 31 (of second session) – Congress completes action on reconciliation legislation
   a. This happens in July of 2020. Reconciliation always must be done by mid-way through an election year, but there is nothing precluding them from doing it earlier. This structure means each budget has one shot at reconciliation, but given that other parts of the overall bill make many more mandatory programs discretionary, that is a trade-off that makes sense.

Why Repeal the Current Budget and Spending Caps?

One common question we have heard is “The Budget Control Act caps are the only real spending reforms in recent history. Why are you getting rid of them?” We look at two factors: How the caps have played out in practice, and the massive gains in the Protecting Our Children’s Future Act as a whole.

In our view, the BCA caps have been used and are going to continue to be used as a hostage. That means the process issues and the ultimate outcomes will continue to be bad. Look at how the caps have been undone a couple times already, and other things that have come along for the ride. Yes, they have resulted in savings, but they have also resulted in budget deals that undo the very savings we got with the caps.

Further, they have prevented us from moving the ball forward on getting additional spending reductions above and beyond the caps, or any mandatory reforms and authorization changes. In short, they’ve taken all the oxygen out of the room and killed any chance of additional progress.
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on the debt and deficit. We’ve been stuck with the status quo, or worse stuck with budget deals that reverse the cap savings.

They’ve meant Congress isn’t fully utilizing their power of the purse. The package as a whole, if enacted, drastically increases the power Congress has and uses. The whole package gets us back to doing appropriations.

Finally, our bill changes the vast majority of mandatory to discretionary spending, the very nature of which blows by the caps; clearly as a practical matter they would have to be adjusted no matter what. The gains from flipping that much to discretionary spending – that Congress can then control through our enhanced process fixes is worth it. We then can get more spending reductions through the appropriations process or by future cap arrangements.

Bottom line: Any path forward for more progress is currently blocked to us under the existing cap structure. Our bill unlocks new options that we currently don’t have.

Conclusion

We again would like to thank Chairman Womack, Co-Chair Lowey, and the Members of the Select Committee on Budget & Appropriations Process Reform. We also thank all the staff that are involved in this effort. Your work is vital in advancing the discussion Congress must have: How do we fix our broken budget and appropriations process?

We firmly believe solving this problem is necessary to solve our deficit and debt issues. Failure is not an option. It is a policy, societal, and moral imperative to come up with a workable and lasting solution. We believe our bill – the Protecting Our Children’s Future Act – is one answer to this charge, and encourage the Select Joint Committee to give it serious consideration. We are happy to answer any questions the committee may wish to submit to us.
Congressman Mario Diaz-Balart

Testimony for the Joint Select Committee on Budget and Appropriations Process Reform

Good afternoon Co-Chair Womack and Co-Chair Lowey. I appreciate the opportunity to appear before you today to testify at this important hearing to explore ideas to reform the budget and appropriations process.

I would like to focus my remarks today on the importance of maintaining an annual appropriations within any multi-year budget process. I am privileged to Chair the Appropriations Subcommittee for the Departments of Transportation, Housing and Urban Development, and Related Agencies — otherwise known as the “THUD” bill. It is from this perspective that I appear before you today to highlight the importance of annual oversight of Federal discretionary spending.

This annual oversight is consistent with our shared goal of eliminating unnecessary spending and reducing our national debt. The Appropriations Committee always works within the larger framework of top line spending limits, most recently within the two-year caps deal for fiscal years 2018 and 2019. The Budget Committee should reclaim its role in establishing top line discretionary spending, and should do so on a biennial basis.

But within any multi-year framework, one could say that the Appropriations Committee works out the details. And it is important that we work out those details on an annual basis. Regular oversight means greater accountability to the taxpayer. The constitutional “power of the purse”, exercised annually, means we have more, not less, opportunity to reduce waste, fraud, and abuse, and ensure that every tax dollar spent contributes to our national priorities.

On the Appropriations Committee we often work without a lot of fanfare to conduct oversight through annual hearings, consideration of Member requests, and markups that are open to the public. I see only upside to this annual process. A biennial appropriations process would increase the risk of waste, fraud, and abuse by making our oversight less frequent, and reducing opportunities on both sides of the aisle to hold the executive branch accountable.

While the Budget Committee has the responsibility to set the larger terms of our nation’s fiscal policy, those of us on the Appropriations Committee work at the appropriations account level, and even at the lower “program, project, activity” or
“PPA” level. Our ability to set these account and PPA levels on an annual basis enables us to address challenges that require immediate shifts in resources.

Some examples from the THUD bill on the importance of this annual review of resource requirements include:

- **Aviation**: The annual review of the Federal Aviation Administration’s budget allows us to adjust funding levels to accelerate air traffic control modernization programs and address emerging challenges, such as unmanned aircraft systems and commercial space flights.

- **Rail**: The annual review of Federal rail safety programs allows Congress to respond to emerging railroad safety and inspection issues, and to adjust program priorities to enhance safety for communities and the travelling public.

- **Transit**: Our annual oversight of the Federal Transit Administration helps to ensure accountability for the local execution of Federal dollars for both large and small scale transit projects.

- **Maritime**: The Maritime Administration is responsible for programs that support the Nation’s security and economic needs, and it is important to review funding needs annually to ensure consistency with annual defense authorizations.

- **Rental Assistance**: The Department of Housing and Urban Development (HUD) funds rental assistance for millions of households. The cost of these subsidies fluctuates dramatically from one year to the next depending upon market conditions, and it would be impossible to predict rents two years ahead of time. Biennial funding for HUD would require the Committee to choose between either over-funding HUD by hundreds of millions of dollars to cover the highest possible inflation, or risk homelessness for low income families if rent inflation exceeds our estimates.

Finally, some of the most important provisions in our bills are funding limitations that we include to reign in over-zealous bureaucrats and stop unreasonable regulations and practices. This is a reasonable check on executive branch power, and is a tool that has been used by members on both sides of the aisle. We would lose much of our ability to influence executive branch policy if we were only able to use this tool every other year.
I appreciate the opportunity to submit this testimony and would be honored to make myself available if have any further questions.
Chairman Womack, Chairwoman Lowey, and Members of the Committee, thank you for the opportunity to submit testimony for this Members' Day hearing. While you have already heard from outside experts and scholars on the ways to reform the congressional budget and appropriations process, it is vital that the very Members of Congress who participate in this process and cast votes on the resulting legislation get an opportunity to share their views and experiences. Thank you for holding this hearing for such a purpose.

All members should be familiar with the rules governing the House of Representatives, but as a firm believer in lifelong learning, I consider the years I spent as a member and eventually Vice Chair of the House Committee on Rules a truly educational experience. That is why, as I considered the suggestions I might offer to you for reforming the budget and appropriations process, House Rule XXI (2)(a)(1) immediately came to mind. House Rule XXI hinges on the relationship between the appropriators and the authorizers. The rule states: "an appropriation may not be reported in a general appropriation bill, and may not be in order as an amendment thereto, for an expenditure not previously authorized by law...."

We have failed to live up to House Rule XXI because we have failed to enforce it, and we have taken for granted that in the absence of enforcement the relationship between the authorizers and the appropriators would always be natural, productive, and mutually deferential. While I treasure the individual relationships I have been fortunate to build with members of the Appropriations Committee over the years, and particularly in my time as chair of the Education and Workforce Committee, I recognize that those relationships exist outside of any formal or publicly accountable process. The fact remains that sometimes those relationships are not enough to push back against the outside pressures that exist.

Rules and protocols need to be reformed and enforced to ensure that the work of the authorizers as the policy experts is respected and not short-circuited by the budget and appropriations process. Reforming these rules and protocols can also encourage the authorizing committees to do their work and make their will clear to the entire Congress in a timely manner. When authorizers produce careful legislation that authorizes funding levels and abides by budget rules, statutes, and protocols, that work should be adhered to in the appropriations process.
A few recent examples illustrate the consequences of spending money without regard for the authorizing committee’s intent. The Bipartisan Budget Act of 2018 included an informal agreement to spend approximately $5.8 billion on early childhood education and childcare. This agreement was made and taxpayer dollars were committed without any input from the Education and Workforce Committee, which has years of oversight and policy history that should have informed how, or even if, the programs impacted could effectively utilize the funds. As a result, the Education and Workforce Committee must make future policy decisions based on decisions made by other negotiators, with real potential consequences for American families. In this case, an influx of funds in 2018 and 2019 will create new childcare slots that must either be funded again or eliminated in the future, while ignoring policy priorities such as improving the quality of providers and ensuring the safety of children.

Flaws in the existing appropriations process similarly allowed the intent of the authorizers to be ignored in the Every Student Succeeds Act (ESSA) and the Pell Grant program. ESSA was the result of years of diligent work, which was disregarded by appropriators making funding decisions immediately after the law was enacted. While appropriators ignored some parts, they inadequately funded other parts. Student Support and Academic Enrichment Grant funding was so insufficient that in the first year of implementation, the appropriations bill changed the manner in which funding would reach local educational agencies, disregarding the structure presented in ESSA.

In the Consolidated Appropriations Act of 2017, appropriators amended the Higher Education Act (HEA) to provide year-round Pell Grants. With postsecondary education reform a clear priority of the Education and Workforce Committee, involving the Committee in the decision to amend the HEA would have been extraordinarily beneficial for low-income students. The Education and Workforce Committee has, for several years, been working to find ways to encourage degree or certificate completion and help students cut down on the time and increasingly excessive expense of extra years in academic programs. Year-round Pell could have been implemented in such a way to emphasize and reward on-time completion, and that opportunity was missed.

These examples are specific Education and Workforce Committee priorities, and I know that in the Congress as a whole, blame does not lie with the appropriators and budget negotiators alone. It only makes sense that funding should be provided for authorized programs in accordance with the authorizing statutes, which lie squarely in the jurisdiction of the respective authorizing committees. Authorizing committees can only reasonably expect their intentions to be considered if they work hard to address program authorizations on time and, therefore, do not cede funding level decisions to others.
A few straightforward principles would put the working relationship between the authorizers and appropriators on the right track. First, if a program is currently authorized with finite amounts, it should be funded as authorized. Second, in determining the funding for programs that have expired authorizations or have been authorized at such sums, appropriators should exercise their best discretion as the authorizers have abdicated their responsibility. Appropriators should seek the formal approval of the authorizing committee before funding programs never authorized. This deference to authorized programs would carry out the intent of Rule XXI and force authorizing committees and advocates to work toward reauthorization of programs, setting concrete parameters for the appropriators.

There have been times when appropriations bills, particularly when written in conference or as an omnibus with the Senate, have included statutory language revising or modifying the application of current law. These instances should be limited in scope and rare. In the House, the Armey Protocol exists as a last-resort mechanism to protect the prerogative of the authorizing committee when a spending bill comes to the floor. Once a bill comes out of negotiations with the Senate that mechanism is gone, and the resulting omnibus packages are negotiated free of accountability to the authorizing committees.

Changing the process so that a formal agreement from the authorizing committees must be obtained before an appropriations bill or bigger omnibus package includes a statutory change to federal law has several benefits. It will ensure that authorizers are informing the appropriators of greater policy discussions that may be underway. It will also likely limit the scope of policy provisions in an omnibus, giving the authorizing committees the opportunity to change policy through the public, transparent process they exist to execute.

While policy differences may emerge throughout the current budget and appropriations process, the authorizers and the appropriators together share the common burden of legislating under projections released by the Congressional Budget Office (CBO). If we are going to continue to rely on CBO for predictions, we have to exercise flexibility to adjust when imperfect CBO predictions prove inaccurate. CBO scores should have consequences because authorizers craft policy based on those scores. To use an education-related illustration, policymaking with CBO projections is like “teaching to the test.” Oftentimes, policy experts find themselves making legislative recommendations based first on their potential impact on the CBO score or compliance with budget rules, with the integrity of the policy itself a secondary concern. If the American people wonder, sometimes, why Congress never seems to break out of its reactionary impulses and produce legislation more accommodating to the future, this is part of the reason.
When programs far exceed their projected CBO costs, there are no consequences. In fact, there are incentives to ensure the policy appears to cost less in the budget window, even if costs will significantly rise in the long term. When a program or policy costs significantly more than originally scored, this increased cost becomes part of the baseline, allowing new policy to incorporate this inflated cost.

Public Service Loan Forgiveness (PSLF) is one of the clearest and most costly examples of a program policy makers constructed to fit the scoring rules, rather than considering the true cost to taxpayers when the program was created. By forcing borrowers to convert to Direct Loans to participate in the program, CBO projected PSLF would produce a small savings over the 10 year budget window. However, this window ended before the forgiveness of a single loan. Now that loans are actively being forgiven, PSLF has a projected cost to the taxpayers of $23 billion over the next decade.

Two ideas come to mind about how to ensure fiscally responsible implementation of policy and reconcile the costs of programs when they exceed the score of the authorizing statute. One commonsense approach during program reauthorization would be the use of the previous score as the baseline rather than current costs. This would require authorizing committees to account for, and either justify or address, the actual cost of the programs. Additionally, the Joint Select Committee could consider the principle outlined in the Spending Safeguard Act, legislation I have introduced that would implement cost saving measures if a program significantly exceeds its score.

As a body, we should give ourselves the benefit of the doubt that the current system did not emerge by design, but out of the sort of necessity that results from a short-term mindset. The current 44-year-old system prizes expediency over intention and yesterday’s mistakes over tomorrow’s priorities, and, through the conference process, puts the Senate at an unnecessary and all-too-often consequential advantage over the House. In closing, I want to thank each of you for the work you are doing to reform this important process. You have your work cut out for you, I commend you for providing this open opportunity for input, and I am happy to answer any questions you might have.
The Honorable Steve Womack  
Co-Chair of the Joint Select Committee on Budget and Appropriations Process Reform  
Washington, DC 20510

The Honorable Nita M. Lowey  
Co-Chair of the Joint Select Committee on Budget and Appropriations Process Reform  
Washington, DC 20510

Dear Co-Chair Womack and Co-Chair Lowey:

I write to you to implore you and your fellow members of the Joint Select Committee on Budget and Appropriations Process Reform to support and recommend the No Budget, No Pay Act (S. 14) as a solution to fix Congress' budget and appropriations process. If this simple, no-cost, bipartisan proposal were to be signed into law it would tell the American public that Congress is finally serious about doing its most fundamental duties.

I wanted to applaud the leadership in the Senate and House of Representatives for moving appropriations bills through regular order this year and have begun consideration on the floor of both chambers. As I have stated before, under both Republican and Democratic control, Congress has continually failed to agree on a budget and pass all individual appropriations bills on time. Each party shares the blame for our current situation. The entire reason this Joint Select Committee exists is because of a chronically broken fiscal process in Washington. While the reasons for this dysfunction may be complicated, the solution does not have to be.

When this Joint Select Committee was formed I immediately wrote to every member of the Committee and explained how my No Budget, No Pay Act is the answer to our problems by requiring that the U.S. Senate and U.S. House of Representatives pass a bicameral budget resolution and all appropriations bills by the beginning of each fiscal year. If Congress does not complete its core obligations, then its Members will not be paid. It's just that simple. I've been fighting for the No Budget, No Pay Act my entire career in the U.S. Senate and I believe that through the Joint Select Committee's effort we have a unique opportunity to finally push the No Budget, No Pay Act across the goal line and fix one of Washington's biggest problems.

I stand ready to work with all members of the Committee and appreciate the opportunity to advocate on behalf of Nevadans and all Americans who want Washington to get back to work for them.

Sincerely,

DEAN HELLER  
U.S. Senator
OPPORTUNITIES TO IMPROVE THE APPROPRIATIONS PROCESS

THURSDAY, JULY 12, 2018

HOUSE OF REPRESENTATIVES,
JOINT SELECT COMMITTEE ON BUDGET AND
APPROPRIATIONS PROCESS REFORM,
Washington, D.C.

The committee met, pursuant to call, at 10:07 a.m., in room 1334, Longworth House Office Building, Hon. Steve Womack and Hon. Nita M. Lowey [co-chairs of the committee] presiding.


Senators Blunt, Perdue, Lankford, Ernst, and Bennet.

Co-Chair WOMACK. Good morning, ladies and gentlemen. The Joint Select Committee on Budget Process Reform will come to order. I want to welcome you to the fifth public hearing of the Joint Select Committee on Budget and Appropriations Process Reform.

The most important role given to Congress under Article I of the Constitution is the power of the purse. Our panel is charged with ensuring we have a working process in order to fulfill this essential duty.

During our hearings so far we have identified some of the recurring challenges that need addressing. Those have been extremely productive discussions. I was especially pleased to see the level of engagement from and hear the ideas of Members during our Members Day meeting.

While we have discussed the annual budget resolution at length during a previous hearing, today we are going to focus on what is supposed to happen next, and that is the consideration of appropriations bills.

Especially in a reform-focused committee like ours we certainly need to be mindful of past processes and let history’s successes—and their failures—guide our decisions. And the fact of the matter is that the current process needs improvement. I think both sides of the aisle agree on that.

We on this panel are charged with designing a neutral process for the future, one in which Congress can move forward with its budgetary agenda no matter which party holds the majority. Budgetary priorities, outcomes, and results should come from elections. Thus, a properly functioning budget and appropriations process should be neutral to specific outcomes.

That being said, as we engage in conversation today I urge members to think about designing a process for the future. I believe we can do that by considering what the modern Congress can handle
right now and anticipating the issues future Congresses might need endure.

Without question I have tremendous respect for the decades of experience that will come before us today, but I want to challenge us all to think about how that experience can be applied to what future officeholders will face as they try to fund the government on time.

To help us think through the current appropriations process, including its link to the annual budget resolution, we are pleased to welcome two incredibly distinguished and experienced witnesses. While both served on the same side of the aisle, their perspectives demonstrate that the issues we are trying to fix transcend party lines.

In fact, as I was thinking through the potential witnesses one name quickly stood out in my mind: Leon Panetta. This is an individual whose seasoned career encompasses many positions that are relevant to our deliberations. He served as a congressional staffer, executive branch official, adviser to the mayor of New York, chairman of the House Budget Committee—his painting hangs in these chambers—White House Chief of Staff, Director of the Office of Management and Budget, Director of the CIA, and finally, Secretary of Defense.

Given his tremendous background, I knew his presence at this hearing today was vital.

Secretary Panetta, it is an honor to have you. Thank you for being here.

We are also pleased to welcome David Obey, who served for decades as part of the Wisconsin delegation in Congress. During his tenure he led as both ranking member and chairman of the House Appropriations Committee.

Chairman Obey, as an appropriator, I also appreciate you being here today to give us your valuable insight.

And with that, I want to yield to my co-chair, Mrs. Lowey, for her brief opening remarks.

Mrs. Lowey.

[The prepared statement of Steve Womack follows:]
CO-CHAIR WOMACK OPENING STATEMENT:

Opportunities to Improve the Appropriations Process

Washington, D.C., Thursday, July 12, 2018

As prepared for delivery—Joint Select Committee Co-Chair Steve Womack

Good morning, and welcome to the fifth public hearing of the Joint Select Committee on Budget and Appropriations Process Reform.

The most important role given to Congress under Article I of the Constitution is the power of the purse. Our panel is charged with ensuring we have a working process in order to fulfill this essential duty.

During our hearings so far, we have identified some of the recurring challenges that need to be addressed. These have been extremely productive discussions.

I was especially pleased to see the level of engagement from and hear the ideas of members outside of this committee during our Members’ Day hearing.

While we have discussed the annual budget resolution at length during a previous hearing, today we are going to focus on what is supposed to happen next: the consideration of appropriations bills.

Especially in a reform-focused committee like ours, we certainly need to be mindful of past processes and let history’s successes—and failures—guide us.

And the fact of the matter is that the current process needs improvement. Both sides of the aisle agree.

We on this panel are charged with designing a neutral process for the future—one in which Congress can move forward with its budgetary agenda, no matter which party holds the majority.

Budgetary priorities, outcomes, and results should come from elections. Thus, a properly functioning budget and appropriations process should be neutral to specific outcomes.

That being said: As we engage in conversation today, I urge members to think about designing a process for the future. I believe we can do that by considering what the modern Congress can handle right now and anticipating the issues future Congresses might need endure.

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While both witnesses served on the same side of the aisle, their perspectives demonstrate that the issues we are trying to fix transcend party lines.
In fact, as I was thinking through potential witnesses, one name quickly stood out in my mind:
Leon Panetta. This is an individual whose seasoned career encompasses many positions that are
relevant to our deliberations.

He has served as a congressional staffer, executive branch official, advisor to the mayor of New
York, Chairman of the House Budget Committee in Congress, White House Chief of Staff,
Director of the Office of Management and Budget, Director of the CIA, and finally, Secretary of
Defense. Given his tremendous background, I knew his presence at this hearing today was vital.

Secretary Panetta, it is an honor to have you. Thank you for being here.

We are also very pleased to welcome David Obey, who served for decades as part of the
Wisconsin delegation in Congress. During his tenure, he led as both Ranking Member and
Chairman of the House Appropriations Committee. Representative Obey, thank you for being
here today.

Thank you, and with that, I yield to my co-chair, Ms. Lowey, for her brief opening remarks.
Co-Chair LOWEY. Thank you.
And welcome to the Joint Select Committee’s fifth hearing. Today we have two witnesses with many, many years of experience with the budget and appropriations process and a wealth of knowledge on that subject. Both are good friends.

So I am looking forward to hearing your direct, honest testimony. One is David Obey, who served in the House for 42 years as a Representative from Wisconsin. He was a longstanding member of the House Appropriations Committee, served as chairman or ranking minority member of that committee for almost two decades. He has also been involved in many past debates about budget process reform.

And our other witness, with whom I also had the privilege of serving, is Leon Panetta, who is another former Member of the House, past chairman of the House Budget Committee. In addition, he has extensive experience at very senior levels of the executive branch, including service as Director of OMB, White House Chief of Staff, Director of the CIA, Secretary of Defense.

So today I am delighted that we will hear from them about what could be done to make our budget and appropriations processes work better.

In addition to talking about procedural changes that might help, I hope we will get the benefit of their long-term perspective on the polarization and partisanship that is now the fundamental cause of many of our difficulties.

I think I will read that sentence again because I really feel that is the cause.

So I hope we will get the benefit of their long-term perspective on the polarization and partisanship that is now, in my judgment, the fundamental cause of many of our difficulties.

So I look forward to the testimony. I should also mention that, unfortunately, I will need to leave part way through the hearing to attend the first House-Senate conference committee meeting on 2019 appropriation bills. I wish I could stay for all of what should be a very interesting session.

And, frankly, just to throw some information into the mix, what is very interesting about this appropriations season is the Senate is operating in a bipartisan way. Every bill they have completed is bipartisan, where last night we completed Labor-HHS with about 50 amendments.

So we are operating very differently, and that could be an interesting discussion in itself as to process.

Thank you, my co-chair.

[The prepared statement of Nita M. Lowey follows:]
CO-CHAIR LOWEY OPENING STATEMENT:

Opportunities to Improve the Appropriations Process

Washington, D.C., Thursday, July 12, 2018

As prepared for delivery—Joint Select Committee Co-Chair Nita M. Lowey

Welcome to the Joint Select Committee’s fifth hearing. Today we have two witnesses with many, many years of experience with the budget and appropriations process and a wealth of knowledge on that subject.

One is David Obey, who served in the House for 42 years as a Representative from Wisconsin. He was a longstanding member of the House Appropriations Committee, and served as chairman or ranking minority member of that committee for almost two decades. He has also been involved in many past debates about budget process reform.

Our other witness is Leon Panetta, another former member of the House and a past Chairman of the House Budget Committee. In addition, he has extensive experience at very senior levels of the executive branch, including service as Director of OMB, White House Chief of Staff, Director of the CIA, and Secretary of Defense.

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I look forward to the testimony.
Co-Chair WOMACK. I thank the distinguished co-chair, the gentlelady from New York.

Now I would like to welcome our distinguished witnesses. First, and as I told him when he came in, I didn’t know whether to call him chairman, chief, director, Mr. Secretary, so I think I will just say Jimmy’s daddy is here to be a witness before this committee.

So, Secretary Panetta, thank you so much for being here. It is an honor to have you.

And for both gentlemen, your official statements are being made as part of the official record of this proceeding, and we are going to give you 10 minutes each to present your testimony at your pleasure.

Sir, the floor is yours.

STATEMENTS OF THE HONORABLE LEON PANETTA; AND THE HONORABLE DAVID OBEY

STATEMENT OF LEON PANETTA

Mr. PANETTA. Thank you very much, Mr. Chairman. I appreciate the opportunity to be able to be here and share my experiences and thoughts with you on the tough task that is in front of you to try to implement important budget reforms that can hopefully improve that process.

I am also honored to be here with a dear friend and former colleague of mine, Dave Obey. Dave and I together served on the Budget Committee, but more importantly, in all the other positions I held I had to deal with David when he was chairman of the Appropriations Committee and always found him to be someone who was fully committed to trying to do the right thing for the country.

So I am honored to have this opportunity.

And I think, you know, both of us obviously will give you a sense of the history that we experienced and what made the process work at the time.

In the 50 years of public life that I have had, I have seen Washington at its best and I have seen Washington at its worst.

The good news is I have seen Washington work. And I have seen Democrats and Republicans with a willingness to work together on issues. We have always had our political differences. In my first experience in Washington, I was a legislative assistant to Tom Kuchel, who was a Republican from California, minority whip. I served under Everett Dirksen.

And at the time there were a lot of Republicans, both conservative and progressive, but they viewed their responsibility in the Senate as working with Democrats, people like Jackson and Magnuson and Dick Russell, Sam Ervin, and a number of others, Fulbright. They worked together on fundamental issues.

When I got elected to the Congress, Tip O’Neill was the Speaker, the Democrat’s Democrat, but he worked very closely with Bob Michel who was the minority leader. And that was the legacy that I came into as a freshman Member, which was that you work with your ranking members, you work with the other party on the legislation that you have to deal with.

And so one of the fundamental messages that I have to stress is the importance of bipartisanship to making this process work. This
is a tough process. Budget process is tough. Getting the appropriations bills done is tough. And it is difficult to do even when you are working together. It is almost impossible to do when you try to shove this stuff through the process on your own as one party.

The history of the budget process in the period when it worked is the history of bipartisanship. The Budget Act was passed on a bipartisan basis. David and I worked with chairmen of the Budget Committee who worked with their ranking members, Bob Giaimo, Del Latta; on the Senate side, Pete Domenici, Muskie, a number of others, worked together.

When I was chairman of the Budget Committee I had the honor of working with Bill Gradison and then with Bill Frenzel, and we worked together. And the result was that we made some significant progress.

It was not easy. It was a tough time. Deficits were going up for a lot of reasons. But there were three important steps that were taken that I think ultimately led to a balanced budget.

One was the 1990 budget agreement in which we assembled both Republicans and Democrats and representatives of the administration to negotiate an approach to deficit reduction. And we met, we negotiated, we finally went out to Andrews Air Force Base and spent close to 3 or 4 weeks negotiating out there.

The agreement at the time was that if the Democrats would come forward with $250 billion in spending savings that the Republicans would be willing to put $250 billion in tax increases on the table.

And so we spent a lot of time. It was tough. None of these decisions are easy. But we put together a $500 billion deficit reduction package, a close to $500 billion deficit reduction package.

And we had to push it through. It was not easy. But we ultimately pushed it through in a bipartisan vote, an omnibus package. It included a budget resolution, it included reconciliation, and it included appropriations bills. But it was passed, and we did it on a bipartisan basis.

The next effort that I think was important, I was OMB Director and worked for Bill Clinton in putting that budget together, and again, $500 billion in deficit reduction. Unfortunately, that wasn't done on a bipartisan basis, and it was tough. It only passed by one vote in the House and in the Senate.

And then lastly, the bipartisan effort to put together a balanced budget in 1997.

All of that contributed to a balanced budget and a surplus. And then it was the breakdown, I think, in bipartisanship that ultimately turned that all around.

The process is broken. It is broken because obviously bipartisanship has broken down. Regular order has broken down. There is a lack of enforcement. There is a lack of the ability to work together and to have to wait for crisis in order to drive the process.

I often say democracy is a process that we do through leadership or crisis. The problem in this place is that crisis becomes the driver now more than leadership. And when you operate by crisis you have to wait for something terrible to happen in order to do the right thing, and what you usually wind up doing is kicking the can down the road.
And lastly, there has been a misuse of the reconciliation process and the misuse, I think, of the general budget process, which has lost a lot of respect.

What are the recommendations to try to fix it? I lay it out in the testimony. I think the idea of a biennial budget is worth looking at. It is not easy. There are problems that you have to work through. But I think the more you can provide additional time to do it and additional time for oversight on ongoing programs, I think that is something to seriously consider.

I think a joint budget resolution may make sense, as well, to bring the President into the process. The way this game works is the President presents his budget and then Congress decides to go its own way. There is little communication until you do the appropriations part of it. You really ought to engage in the overall budget discussion with the President early on. So that is worth thinking about.

I think you ought to change to a calendar basis just to give yourself more time instead of the fiscal year approach. It is not a cure-all, but at least the additional time would help you.

I think you have to show a price to be paid for failure to pass a budget resolution, so that legislation that has a fiscal impact, frankly, should not move unless you have passed a budget. You need to provide a process to increase the debt ceiling so we don’t have this crisis. We had the Gephardt Rule, which tied to the budget resolution. I think that is worth looking at.

Budget gimmicks, you have to get rid of budget gimmicks, the whole idea of rosy scenarios and magic asterisks, the kind of games that are played. And I have been a part of some of that. I know what those games are. You have got to be able to discipline people so they don’t use it.

Paygo is a very important enforcement tool. We would not have balanced the budget without paygo in which we said if you are going to come up with spending, if you are going to come up with tax cuts, you have got to pay for them and not increase the deficit. You have got to get back to that.

You should do a common baseline between CBO and OMB. Instead of fighting over growth numbers, frankly, you ought to operate on the same consensus numbers from both of them.

I think you need some control of emergency funding. It has got out of hand. You need to set up an emergency fund and better controls over how that operates.

And I will tell you, even from the OCO perspective on defense, the fact is when you have been in war for a long period of time I don’t see why you have to keep going to OCO. It ought to be part of the budget, frankly, for the defense budget.

Lastly, some check on mandatory spending. Two-thirds of the budget is mandatory spending. We don’t pay enough attention to mandatory programs. And then a 10-year budget projection.

I think the most important guidance I can give you is that the best way to pass budget reforms is to do a budget deal and to do a comprehensive budget deal. If you can put those pieces together, then you can pass the reforms as part of that. We did that in the 1990 budget agreement.
If you can’t do that, and that is probably the case, then this joint committee ought to try on a bipartisan basis then to make recommendations with regards to some key changes. You don’t have to do it all, but at least do a few changes to show that this place can operate on a bipartisan basis when it comes to the budget.

This is not a game. This is about the fiscal health of this Nation. We are facing a fiscal crisis; 78 percent of GDP is now debt. We are looking at it going to 152 percent of GDP, according to CBO. That is trouble for our economy. It is trouble for resources. It is trouble for the American people and for all of the things we care about.

So that is what is at stake here. I know that this committee is given the responsibility to do reforms. I think you have the leadership capability to try to move something that sends a signal to the American people that this place can operate the way it should, with Republicans and Democrats agreeing on tough decisions to be able to govern. That is what democracy should be all about.

Thank you.

[The prepared statement of Leon Panetta follows:]
I. INTRODUCTION
Co-Chair Womack, Co-Chair Lowey, and Members of the joint Select Committee:

Thank you for inviting me to discuss the budget and appropriations process and potential budget process reforms. I appear before you as Co-Chair, I serve along with Mitch Daniels and Tim Penny, of the Committee for a Responsible Federal Budget. I am aware that Maya MacGuineas, our President, testified before you on May 24, 2018 and I do endorse many of the recommendations she made in her testimony.

But in addition, I appear before you as both a past member and Chairman of the House Budget Committee, a participant in all of the major budget summits during the 1980’s and 1990’s, and as a former Director of the Office of Management and Budget during the first two years of the Clinton Administration. As Director of the CIA and Secretary of Defense in the first four years of the Obama Administration, I experienced some of the failings of the budget process particularly with regard to the defense budget and sequestration.

Based on all of those experiences, I would like to address the following in this testimony:
1. The history of the budget process and how it worked during the time I served as a member and Chairman of the Budget Committee and OMB Director;
2. Why the current budget process is broken;
3. Recommendations for budget process reforms;
4. The bipartisan political leadership and the need for a comprehensive budget agreement;
5. How Congress should proceed without a comprehensive budget agreement; and

II. HISTORY OF THE BUDGET PROCESS

1. Early years of the budget process and importance of bipartisanship

The Congressional Budget and Impoundment Control Act was passed by an overwhelming bipartisan vote in both the House and Senate in 1974: the conference report passed the Senate 75-0, the House 401-6. For over 20 years, the budget resolution process worked largely because the early chairmen and ranking members worked closely together—Brock Adams, Bob Giaimo, Del Latta, Ed Muskie, Pete Domenici, Jim Jones. Bill Gradison and Bill Frenzel served as my ranking members when I was Chairman. Congress always passed a joint budget resolution, reaching agreement between the chambers, even in the 6 years in the 1980’s when different parties controlled each chamber. The first year where a joint budget resolution was not agreed to was for Fiscal Year 1999. None of this was easy and there were intense battles over the level of funding for education, defense and other areas. But ultimately compromise was arrived at because
neither party believed it was in their interest or the interest of the country to have the budget process fail.

2. Confronting growing deficits in the 1980's and 1990's

Deficits grew for much of the 1980's, dipped in the late 1980's and were rising again in the early 1990's. In 1982, the deficit was 2.3% of GDP. By 1983, the deficit had more than doubled to 5.9% of GDP due largely to the large Reagan tax cuts—$749 billion over five years—enacted in 1981. Because of the concern over deficits, in the spring of 1982, Senate Finance Committee Chairman Bob Dole with the support of the Reagan Administration developed legislation that increased taxes by $98.3 billion over three years. The measure closed tax loopholes and increased taxpayer compliance. Deficits stayed in the 5% range through 1984-1986 before dipping as a result of the increase in taxes and bipartisan budget agreements in 1987 after the stock market crash. By 1992, however, the deficit had climbed back to 4.5%. As a result the debt, at a level of 25% of GDP in 1981, climbed to 35% of GDP by 1985 and peaked at almost 40% in 1993-1994. Ross Perot's campaign for the presidency in 1992 made the growing deficit a major focus of his campaign and the growing deficits forced action by both Presidents Bush and Clinton.

3. The Reagan Budget, Reconciliation and Gramm-Rudman-Hollings

When the first Reagan budget was passed in 1981 it contained for the first time in the history of the Budget Act mandatory reconciliation instructions to achieve investment savings. Committees were required to meet savings targets and those savings were incorporated into an omnibus reconciliation bill. Even though the Reagan budget passed when the rule on the budget resolution approved by the Committee was defeated, the reconciliation process was handled by bipartisan process. The same was true in the passage of the Gramm-Rudman-Hollings Act, which established annual spending reduction targets enforced by sequestration. Those targets, however, were modified in bipartisan votes and eventually superseded by the 1990 Budget Agreement.

4. The 1990 Budget Summit and Agreement

Because of increasing budget deficits and the need to increase the debt limit by close to $1 trillion ($915 billion), the Bush Administration and the Congressional leadership agreed to a set of discussions that culminated in a month long negotiation session at Andrews Air Force Base. The bipartisan agreement was that if the Democrats could agree on approximately $250 billion in entitlement and discretionary savings, the Republicans would be willing to consider approximately $250 billion in tax increases. The Omnibus Budget Reconciliation Act (OBRA) of 1990 raised the debt limit by $915 billion, the largest increase up until that point, but it also contained nearly $500 billion in deficit reduction over the next 5 years. Additionally, it created enforcement procedures in the Budget Enforcement Act (BEA) which helped lead to budget surpluses in the late 1990's. The BEA also created adjustable caps for separate categories of discretionary spending, both domestic and defense, and the pay-as-you-go (PAYGO) procedure that required tax cuts or increases in mandatory spending to be paid for. The final budget resolution plus the reconciliation and appropriations bills were passed with bipartisan votes in both the House and Senate. They laid the critical groundwork that led to a balanced budget.
5. The Omnibus Budget Reconciliation Act of 1993 (OBRA '93)

As OMB Director to President Clinton, the President was committed to further reducing the federal deficit, which was still rising at a dangerous pace. Although an effort was made to get Republican support, it was made clear that since Democrats had opposed Republican efforts to reduce the costs of Social Security and made it a political issue, the Republicans would not support the Clinton budget. The budget passed narrowly with Democratic votes and it led to the Omnibus Reconciliation Act of 1993 which provided $504 billion in deficit reduction, surpassing the 1990 agreement's deficit reduction level of $496 billion. Cuts totaled $102 billion in discretionary spending and continued caps on both discretionary and defense spending, and close to $150 billion in entitlement savings. Income taxes were raised on the top 1% and the top tax rate was raised to 39.6%. Over Clinton's term, deficits went from a 3.8% of GDP ($225 billion) deficit to a 2.3% of GDP ($236 billion) surplus in 2000. Debt fell from 48% of GDP to 34% of GDP.


Returning to bipartisanship on the budget, the Balanced Budget Act of 1997 included a $450 billion debt limit increase and continued the budget savings in the 1990 and 1993 budget agreements. It did add $125 billion of net deficit reduction over 5 years through reductions in health care spending via provider payment reductions and increased premiums.

As a result of all of these deficit reduction efforts, the budget came into balance in FY1998. The anticipated budget surpluses were on track to pay off the public debt by 2009 or 2010.

III. WHY THE CURRENT BUDGET PROCESS IS BROKEN

1. Lack of bipartisanship and regular order

The budget process worked when there was bipartisan support for the need to pass a Budget Resolution, and the Budget Committee Chairmen and ranking members worked together in the Committee process to develop compromises. As Congress became increasingly partisan over the last 15 to 20 years, both parties viewed the budget process as an unnecessary and bothersome discipline to achieving their partisan goals. Regular order was bypassed and the budget process was easily ignored. When the Presidents and Leadership of both parties failed to restore order, spending and deficits went out of control.

2. Lack of support for enforcement

Senate PAYGO rules have been waived 14 times since 1993. The 2001 Tax Cut of $1.35 trillion, the Medicare prescription drug program costing $400 billion, the capital gains tax cut of 2003, spending on the wars in Iraq and Afghanistan, the $800 billion fiscal stimulus bill, the $620 billion tax cut bill of December 2015, the $1.8 trillion tax bill in December of 2017, and the $300 billion increases in appropriations spending agreed to in February were not paid for and added to the deficit. The House voted 228 to 188 for the rule that allowed the CR to contain the PAYGO waiver for the December tax bill. The Senate voted 91 to 8 to waive the points of order against the waiver.
3. Reliance on crises to drive deals and appropriations
In our democracy, we govern either by leadership or crisis. If leadership is not there, we will inevitably govern by crisis. We have had 3 major budget deals in the past 5 years (BBA 2013, 2015, and 2018) two of these came after government shutdowns. In 2013, there was a 16-day shutdown, it was ended with a 2-month CR, which allowed the then chairs of the Budget Committees, Paul Ryan and Patty Murray, to work out the Bipartisan Budget Act of 2013. In 2018, there was a brief 3-day shutdown in January before a 3-week CR. The Bipartisan Budget Act of 2018 followed that CR. The Congress has become increasingly prone to needing crisis in order to resolve budget and appropriations issues. The result is that rather than resolving these issues, it has become politically more expedient to simply kick the can down the road, waiting for the next crisis to drive yet another temporary solution.

4. Misuse of reconciliation to add to rather than reduce deficits
The Conrad rule prevented deficit increasing reconciliation from 2007 to 2015, by establishing a 60-vote point of order against reconciliation legislation that increased deficits inside the budget resolution’s window. The budget resolution that allowed the December tax bill to move through the reconciliation process allowed up to $1.5 trillion in higher deficits. The 2018 Budget Resolution was another good example of how deficit reduction is swept aside for political convenience. The original House Budget Resolution called for reconciliation instructions to multiple committees to achieve at least $200 billion in savings. When it became apparent that reconciliation was to be used for tax cuts, a new budget was passed with reconciliation instructions for $1.5 trillion of deficit increases for tax cuts, and a token amount of savings.

5. Little respect for the discipline of budget process
There is an April 15 deadline by which Congress is supposed to complete the budget resolution but that deadline is often missed. The last time a budget resolution was completed on time was in 2003 for the FY2004 budget. This year again appropriations bills are moving without a budget. Congress has only met the budget deadline 6 times: 4 times when the deadline was April 15 and twice when the deadline was May 15 before 1986. More often, the Congress had created the budget deadline as a deadline for one chamber or the other to pass a budget. Out of the 43 years between FY 1976 and 2018, the House has failed to vote on a budget by the deadline 13 times and the Senate 18 times. In the early years of the budget process, the Leadership placed a great deal of pressure on the Budget Committees to meet their deadlines. Without pressure from the leadership, deadlines are worthless.

IV. RECOMMENDATIONS FOR BUDGET PROCESS REFORMS

1. Biennial Budget Resolution and Joint Budget Resolution
Biennial budgeting would allow the budget timeline to match the election cycle. Each new Congress could create a budget without having the same fiscal battles twice, allowing for a “mini-resolution” that could make any necessary adjustments in the second
year. The precedent has been set by recent budget deals that are for 2 years. That would allow 1 year to set the budget and a 2nd year to do greater oversight of spending.

A joint budget resolution would bring the President into decisions about discretionary spending levels, mandatory spending reform, tax policy and deficit reduction targets early in the process. This would encourage negotiations at the beginning of the budget cycle, providing greater certainty for the appropriations process. Should the President veto the joint budget resolution, a fall back mechanism could be provided that would set enforceable spending and revenue levels based on the joint resolution to allow the budget process to move forward. Policymakers would take the budget more seriously if it was the result of serious upfront set of negotiations with the President. If the President agreed to the targets, the budget would carry greater weight and if not, the Congress would be forced to protect its credibility by enforcing its own limits and targets.

2. **Change federal fiscal years to calendar basis**

Using the calendar year as the fiscal year would help avoid the present pattern of constant budget crisis and CRs by giving more time for lawmakers to complete the budget process after taking office. Having said that, it should be noted that no amount of process reforms will help if lawmakers are not sufficiently committed to taking it seriously. When Congress moved the Fiscal Year start to October 1 rather than July 1, they were able to do appropriations on time for the first year but missed the deadline in the second year and for 37 of the 40 years after that.

3. **Prohibit legislation with fiscal impact if no budget resolution is adopted and enforce with a super majority point of order in Senate**

Congress should not make policy affecting the budget without first writing and approving a budget resolution. The Senate should establish a super-majority point of order against legislation with a fiscal impact considered during a fiscal year for which no budget has been passed. Additionally, members of Congress should not be allowed to leave for a Congressional recess if a budget resolution has not been passed.

4. **Debt ceiling should be lifted by passage of Budget Resolution (Gephardt Rule) or by the President if Congress fails to act**

When I was Chairman of the House Budget Committee, the so-called Gephardt Rule was adopted providing that “when Congress adopts a budget resolution, spinoff legislation providing for a debt limit increase is deemed to have passed as well.” The increase was to be set equal to the debt under the budget at the end of the fiscal year so that the final increase in the debt limit enacted into law reflects the level of debt assumed in the budget resolution consistent with the spending and revenue policies in the budget. Unfortunately, the Gephardt rule was repealed in the 107th Congress, restored in the 108th, and then repealed again in the 112th Congress in 2011.

In the absence of Congressional approval, the President should be given the authority to raise the debt limit to take into account spending that has already been approved by Congress and signed by the President. Increases in the debt limit based on spending is critical to the good faith and credit of the United States.
5. Prevent budget gimmicks—"rosy scenario", "magic asterisks", timing shifts, double counting, etc.

"Rosy Scenarios"—often, budget resolutions use overly optimistic economic assumptions to create additional revenues to support spending or reflect greater savings. This should be limited by requiring budget resolutions to use CBO’s baseline and economic assumptions.

"Magic Asterisks"—these refer to unspecified, and perhaps unachievable, budgetary savings assumptions to obscure large deficits that would result from the budget. This should be limited by requiring reconciliation instructions for all changes to mandatory spending and revenue assumed in the budget.

Timing Shifts—to hide costs, Congress has often changed the dates for tax and entitlement payments from one fiscal year to another. Congress should prohibit timing shifts and disallow the use of mandatory or revenue ten year offsets without long term savings unless they are used for truly temporary policies; and further disallow the use of Changes in Mandatory Programs (CHIMP’s) that shift current year Budget Authority (BA) to future years.

Trust Fund Double Counting—either all trust fund spending should be assumed to be limited by trust fund resources or none should. In addition, policymakers should require transfers into trust funds to be counted as a cost for enforcement purposes and allow trust fund savings to be used as an offset only if savings are transferred to the general fund.

6. Enforcement of pay-as-you-go, discretionary caps and other enforcement measures with strong points of order

Members of the House should be able to make a point of order if legislation adds to the deficit and is not paid for. CBO should score all legislation with regard to its impact on the deficit. The Senate vote threshold should be raised above 60 votes to waive PAYGO rules and all Budget Act points of order. A threshold above 60 for fiscally irresponsible legislation would create a meaningful hurdle to cross.

7. Require Congress and the President to use the same baseline

When I was Director of OMB, there was an effort to reconcile a common baseline between OMB and CBO in order to avoid baseline manipulation based on more optimistic growth rates or other economic projections. Unfortunately, that effort did not continue. Having consistent conventions and assumptions would help streamline budget development and lead to more efficient and transparent policymaking.

8. Place controls on discretionary emergency spending

Congress should set and establish a budget for emergencies to avoid the habit of adding to the deficit for crises of one kind or another. Waivers can be provided for extraordinary emergencies but providing an emergency fund within the budget would help support the additional aid without continuing to add to the deficit. Defense OCO funding should also be brought within the budget particularly after a military conflict has persisted for a number of years.
9. Budget and establish controls for mandatory spending and tax expenditures, and prevent reconciliation from being used to increase debt

The budget should establish targets for mandatory spending and tax expenditures so as to better discipline spending in these areas. Congress should establish multi-year budgets for mandatory spending programs and tax expenditures and require regular review of both. No part of the budget should be on "autopilot" without a process of reviewing the policies and expenditures associated with spending and tax expenditures.

It is critical that the budget process go back to the original intent of the Budget Act that reconciliation be used for deficit reduction. The "Conrad rule" should be restored and codified. Too often, reconciliation has been used simply to avoid the Senate filibuster for legislation that would dramatically expand the budget deficit. Particularly now with deficits approaching $1 trillion and the national debt over $20 trillion, reconciliation should be used to achieve savings and raise revenues, not add to the deficit and the debt.

10. Require 10-year estimates in budgets

Today, budgets are only required to cover 5 years although CBO and recent budgets have provided for a 10 year window. Policymakers need to understand the fiscal impact of major spending and tax proposals not just within the current 5 year window, but also over a longer 10 to 20 year budget horizon. Such proposals often have dramatic budgetary effects in the second decade and beyond.

V. BIPARTISAN POLITICAL LEADERSHIP AND THE NEED FOR A COMPREHENSIVE BUDGET AGREEMENT

While the above recommendations would help strengthen the budget process itself, the fact remains that without bipartisan support, budget reforms will not only not work, there is a good chance that none will be approved. History tells us that the budget process worked effectively when both political parties were willing to work together, compromise and support difficult budget decisions. A balanced budget was achieved because both Democrats and Republicans were willing to take the political risks essential to disciplined budgeting.

The simple fact is that if partisanship prevails, no party will be willing to deal with all the elements of a budget critical to effectively reducing the debt. Perhaps what is needed to lay the groundwork for budget process reforms is agreement on a Bipartisan Commission that would recommend a comprehensive 10 year deficit reduction package, including discretionary and defense caps, entitlement savings and additional revenues. If such a package were agreed to, budget process reforms would easily be added to enforce the agreement. That was the case in the Omnibus Budget Reconciliation Act of 1990. In the absence of a comprehensive budget agreement, it will be difficult to approve budget reforms without a budget to enforce.

VI. HOW CONGRESS SHOULD PROCEED WITHOUT A BUDGET AGREEMENT

Assuming that the parties are unable to agree on any kind of comprehensive budget agreement, it will be difficult but not impossible to adopt budget reforms.
Joint Select Committee report requires bipartisan support
By the law establishing the JSC, there must be a majority of the Republicans and a majority of the Democrats to approve the Committee’s final report. Such a bipartisan report would be an important first step.

2. Support of the bipartisan House and Senate Leadership
It would be critical to have both the support of House and Senate Leadership for passage of the budget reforms. Members will cast tough votes on reforms if the leadership is willing to provide political cover.

3. Support of the House and Senate Budget Committees and House and Senate Appropriations Committees

4. Adopt BRAC process for adoption of needed budget reforms
Although the JSC recommendations have some fast track status, it would be better to incorporate BRAC requirements that force an up or down vote on the entire set of recommendations. Some of these recommendations will be controversial, particularly from those opposed to a strong budget process. Since the leadership placed their trust in the members of the Joint Select Committee, those recommendations should be voted upon in block and not subject to amendment.

VII. SUMMARY
In summary, at the heart of the budget process is the future fiscal health of the nation. The current CBO projections are that the deficit will exceed $1 trillion and continue to grow and that the federal debt will go from 78% of GDP by the end of 2018 to over 152% of GDP in 2048. That size debt will seriously jeopardize and undermine the American economy. It will lead to slower economic growth, lower income, higher interest rates, ballooning interest payments, reduced fiscal space, weakened international leadership and increased likelihood of financial crisis. The U.S. will not be able to respond to economic crisis. Interest on the debt will spin out of control...leading to a “death spiral” of deficits and debt. We will not be able to make critical investments in our security and our people. It is not a responsible or moral position to hand down a massive debt to the next generation.

The bottom line is that the country cannot afford to have a budget process that is a game played or not played based on the political pressures of the moment. The Budget Process and the difficult decisions that are related to the future of the budget are critical to the economic future of the nation. As I have made clear, we govern in our democracy through leadership or crisis. In the absence of leadership, the budget process has largely operated by crisis. Nothing will change unless the political leadership of both parties are willing to take risks for the sake of the country. Process reforms can help but frankly without the courage to make the difficult decisions on spending and revenues, process reforms will not be enough.

I commend the work of the Joint Select Committee for making this effort and strongly support the reforms essential to restoring budget discipline. But the real test will be when both the House and Senate pass Budget Resolutions and Reconciliation that dramatically reduce the deficit over the next 10 years. When that happens, and those steps
are enforced by an effective and efficient budget process, the work of this Joint Select Committee will truly have served the interest of the nation.
Co-Chair WOMACK. I thank the gentleman.
Mr. Obey.

STATEMENT OF DAVID OBEE

Mr. OBEY. First, let me apologize for my voice this morning. If some of you can’t hear what I am saying don’t worry about it, you are not going to miss a hell of a lot.
I am happy to be here today with Leon Panetta.
Co-Chair WOMACK. Let’s make sure that microphone is on.
Mr. OBEY. That is a little better.
Leon is a good friend. He is truly a great American. All you have to do is read his resume to understand that. And if you know him, you know even more so that that is true.
We have gone through many battles together, but one difference that separates the two of us is that I am from the Pre-Cambrian Era and Leon is not. He was elected in 1976 after the Budget Act of 1974 was in place, so that is the only process he has ever known. I was elected in 1969 before there was a budget committee. In that time the appropriations process worked reasonably well. We just didn’t realize it at the time.
At that time the President’s budget meant something. There was no talk about it being dead on arrival. The way it worked was fairly simple. The President sent down the budget. The Appropriations Committee held its hearings and produced its bills. The Ways and Means Committee was on a separate track and took whatever actions they thought was appropriate.
There was no formal arithmetic discipline. Discipline came from the recognition by the committee and by the party leaders that if the year’s work was irresponsible there would be a price to pay in public opinion and at the ballot box.
Under that system, from 1960 through 1974, and please remember this, from 1960 through 1974 deficits averaged a little less than 1 percent of GDP. In the worst year the deficit was 2.8 percent. By comparison, in the years after the Budget Reform Act, from 1974 through 2010, the year I retired, deficits averaged 2.9 percent of GDP, three times as high, and in 1 year it hit 9.8 percent.
From 1974 on Congress has searched for a magical provision to rein in the deficit, a process provision. Ever since, the budget process has been as chaotic as it has been super complicated.
Why? Much of the blame has been dumped by some on the Appropriations Committee. That is the wrong target. The main procedural problem is that the committee with the responsibility to pass the bills that actually determine specific spending decisions has nothing to do with the budget blueprint under which they are required to operate.
When you get right down to it, the main job of the Budget Committee is to agree on three macroeconomic numbers: total spending, total revenues, and the level of the deficit.
In contrast, the committee that has the responsibility to broker the thousands of program compromises necessary to implement that budget is the Appropriations Committee.
So the Budget Committee can fly at 30,000 feet, but the Appropriations Committee and the Ways and Means Committee have to slug it out on the ground level in hand-to-hand combat. That
means that if the Budget Committee targets are too optimistic, ideological, or unrealistic the Appropriations Committee cannot get the votes on the floor to implement their product.

When I retired in 2010 I was succeeded by Hal Rogers as Appropriations chairman. I watched what happened to him. Each year the Budget Committee would push a highly aggressive budget resolution through the House, but when Hal tried to implement that resolution with actual program-by-program cuts.

Members who had voted for the budget resolution would see what the resolution in macroterms actually required in microprogram terms, and Members who had voted for the resolution initially would then say, “What? You want me to cut what? Are you crazy? Hell, no.” And the system stalled.

So what would I do to change things? That depends on whether you want to do major surgery or a patch job. For instance, 2-year appropriations is a wonderful idea if you want to erode congressional power or weaken Congress’ ability to deal with the bureaucracy and bury the Congress in supplementals. Outside of that, it is a terrific idea.

If you want to do fundamental change, I would do four things. One is procedural. I would abolish the Budget Committee and return to the practice of using old-fashioned informal political sanctions to impose fiscal responsibility. That would give you more time to focus on the bills that actually spend the money.

The Budget Act simply adds one more hurdle that Congress must overcome without adding 3 months more to the calendar. All the budget resolution really is, is an institutional press release if it is not followed up by something else.

People will say, “Oh, my God, you can’t do that or the deficit will balloon again.” I would simply say that the numbers I previously cited demonstrate that the empirical evidence for that view is nonexistent. Deficits are larger now as a percentage of the economy than they were before the Budget Committee was created to prevent it.

Second, recognize what history tells us on revenues. Recognize that in the last 50 years the budget has never approached balance when revenues as a percentage of GDP have not neared 20 percent.

Third, recognize that we are not just in danger of passing on an uncontrolled budget deficit to our children, we are also in danger of leaving them with an infrastructure deficit, a skilled worker deficit, a science and tech deficit.

Recognize that over the past 50 years nondefense appropriations spending has never been less than 3.1 percent of GDP. The budget resolution passed by the House last year called for shrinking that to 1.7 percent of GDP by the end of 10 years. I invite you to decide whether that is either achievable or desirable.

The fourth thing I would do is recognize that the main problem is not procedural, it is political. My favorite philosopher is Archy the Cockroach, who said once that what matters is not so much what system you have, what matters is what you do with whatever system you happen to have.

I would ask you to learn a lesson from 1994 when I chaired Appropriations the first time. I became chairman midway through the
session after Bill Natcher died. In spite of that fact, we finished all appropriation bills before the start of the next fiscal year.

That didn't happen because I was such a hotshot chairman. It happened because the very first thing I did when I became chairman was to go to my ranking Republican, Joe McDade. I told Joe that I knew we would never agree on the details of appropriations, but I asked him how he would feel about the committee reporting a bipartisan 302(b) budget allocation. He jumped at the chance.

For the first and only time in the history of the Budget Act, that is what we did. It meant that we had agreed on how much money each Appropriation subcommittee would allocate, or would be allocated, but left the details to the subcommittees.

Unfortunately, it will be almost impossible to resurrect any degree of bipartisanship because of the way you all are elected. Too many of you come from hugely safe districts. The way your districts are drawn produces little incentive to compromise.

That problem is beyond the reach of this committee to correct. But please at least recognize that your basic problem is not the budget process. The budget process is simply one example of how our political system has crippled the legislative system.

Meanwhile, if all you really want to do is to put a patch or two on the process, I would recommend one procedural change. Right now the Budget Committee chair and Appropriations Committee chair live in two different political worlds.

If you want to make the process more realistic, do one thing. Either make the chairmen of the Appropriations and Ways and Means co-chairmen of the Budget Committee or make the Budget Committee chair rotate between the two. That way the people who are expected to deliver the goods are the people who are actually manufacturing them.

[The prepared statement of David Obey follows:]
Written Statement of

David R. Obey

Past Chairman, House Committee on Appropriations

Joint Select Committee on Budget and Appropriations
Process Reform

July 12, 2018
I’m happy to appear today with Leon Panetta. He is a good friend and we’ve gone through many battles together. One difference that separates the two of us is that I am from the Pre-Cambrian Era while Leon is not.

- He was elected in 1976 after the Budget Act of 1974 was in place, so that’s the only process he has ever known.
- I was elected in 1969, before there was a Budget Committee. In that time the appropriations process worked reasonably well. We just didn’t realize it at the time.

At that time, the President’s budget meant something. There was no talk about being dead on arrival.

The way it worked was fairly simple. The President sent down his budget. The Appropriations Committee then held its hearings and produced its bills. Those bills were usually a product of the subcommittee chairs and ranking members. The Ways and Means Committee was on a separate track and took whatever actions they thought appropriate. At the end of the year the sum of committee actions was the budget for the year. There was no formal matching of revenues with appropriations. There was no formal arithmetic discipline. Discipline came from the recognition by the committee and by party leaders that if the year’s work was
irresponsible there would be a price to be paid in public opinion and at the ballot box.

Under that system, from 1960 through 1974 deficits averaged a little less than 1 percent (0.9 percent) of GDP. In the worst year the deficit hit 2.8 percent. By comparison, after the Budget Reform Act in 1974 through 2010, the year I retired, deficits averaged 2.9 percent of GDP (over three times as high) and in one year hit 9.8 percent.

From 1974 on, Congress has searched for the magical procedural fix to rein in the deficit. Through the years Congress tried Gramm-Rudman, Gramm-Rudman II, Pay-as-You-Go, caps and sequestration. It ran the longest war in our history on supplementals. The Wall Street Journal noted that “Everybody learned how to rig it. It rewarded gimmicky and out and out fiscal deceit”. I remember being asked by a Milwaukee Journal reporter which party I thought would win the budget fight. I replied, “The one that tells the biggest fib”. Ever since, the budget process has been as chaotic as it is super-complicated.

Why? Much of the blame has been dumped on the Appropriations Committee. That is the wrong target. The main procedural problem is that the committee with the responsibility to pass the bills that actually determine specific
spending decisions has nothing to do with the budget blueprint under which they are required to operate.

When you get right down to it the main job of the Budget Committee is to agree on three macro-economic numbers:

- Total spending,
- Total revenues,
- The level of deficit.

Everything else was, as Otto Passman used to say, “For illustrative purposes”.

In contrast the committee that has the responsibility to broker the thousands of program compromises necessary to implement that budget is the Appropriations Committee. In other words the Budget Committee can fly at 30,000 feet but the Appropriations and Ways and Means Committees have to slug it out at ground level in hand-to-hand combat. That means that if the Budget Committee targets are too optimistic, ideological, or unrealistic, the Appropriations Committee cannot get the votes on the Floor to implement their product.

When I retired in 2010 I was succeeded by Hal Rogers as Appropriations Chairman. I watched what happened to him. Each year the Budget Committee
would push a highly aggressive budget resolution through the House but then when
Hal tried to implement that resolution with actual program-by-program cuts,
members who had voted for the budget resolution would see what that resolution in
macro terms actually required in micro program terms and members would then
say “What, you want me to cut that? Are you crazy? Hell no!” Until the
difference between what the Budget Committee desires and the Appropriations
Committee can produce is narrowed, you will continue to live on CRs and
accounting fictions. You will continue to live under the wonderful world of budget
caps and sequestration which people on both sides of the spectrum often seek to
disown.

So what would I do to change things? That depends upon whether you want
to do major surgery or a patch job.

A word of caution. It would be nice if changes in the budget process would
not make things worse. So first, let me mention something you should not do.
One old horse that keeps showing up at the starting gate every time budget process
maladies are discussed is the idea of making appropriations two years at a time.
Three points:

Two-year appropriations is a wonderful idea if you want to erode
congressional power and weaken its ability to deal with the bureaucracy. The old
claim is made that with two-year appropriations Congress could use the second year to do oversight. Count me dubious. Oversight is a whole lot more effective when it is done in conjunction with the passage of appropriations. Appropriations have built-in deadlines that force agencies to respond to congressional suggestions. Agencies are far more responsive when you have something they want. And more than anything else, that something is money. If you move to two-year funding, once appropriations are passed, the federal bureaucracy won’t need you any more in that cycle.

Number two, two-year appropriations is a wonderful idea if you want the Congress to be dealing with out-of-date budget justifications and out-of-date international and national conditions. Changing circumstances, coupled with two-year appropriations, will produce a proliferation of supplementals. That will lead to an even more chaotic and repetitious process than we have now.

Third, states have been moving away from biennial budgets. In 1940, 44 states did two-year budgeting. Today it is down to 19 states. States do not deal with wars. They are not major players in impacting the economy. State budgets are much less complicated than the federal budget.

If you want to do fundamental change, I would do four things.
One is procedural: abolish the Budget Committee and return to the practice of using old-fashioned political sanctions to impose fiscal responsibility. That would give you more time to work on the bills that actually spend the money.

Right now you essentially have two budget fights each year: the first over the budget and the second over appropriations. Why do it twice? The Budget Act simply added one more hurdle Congress must overcome without adding three months more to the calendar. All the budget resolution really is is an institutional press release.

People will say, “Oh my God, you can’t do that or the deficit will balloon again”. I would simply say that the numbers I’ve previously cited demonstrate that the empirical evidence for that view is nonexistent. Deficits are larger now as a percent of the economy than they were before the Budget Committee was created to prevent it.

Second, recognize what history tells us on revenues. Recognize that in the last 50 years the budget has never approached balance when revenues as a percent of GDP have not neared 20 percent. If that were the case this year the deficit as a percent of GDP would shrink from a projected 4 percent to a little over one percent (consistent with its average before the Budget Act was ever passed).
Third, recognize that we are not just in danger of passing on an uncontrolled budget deficit to our children, we are also in danger of leaving them with

- An infrastructure deficit,
- A skilled worker deficit,
- A science and tech deficit.

Recognize that over the past 50 years nondefense appropriated spending has never been less than 3.1 percent of GDP. The budget resolution passed by the House last year called for shrinking that to 1.7 percent of GDP by the end of ten years. I invite you to decide whether that is either achievable or desirable.

The fourth thing I would do is to recognize that the main problem is not procedural, it is political. Little will change on the deficit without a change in attitude. My favorite philosopher Archy the Cockroach once said “What matters is not so much what system you have; what matters is what you do with whatever system you happen to have”.

You can’t take the politics out of politics. But you can try to change the balance between politicking and legislating.

I would ask you to learn a lesson from 1994 when I chaired Appropriations the first time. I became the Chairman halfway through the session after Bill
Natcher died. In spite of that fact, we finished all appropriations bills before the start of the next fiscal year.

That didn’t happen because I was such a hotshot chairman. It happened because the very first thing I did when I became chairman was to go to my ranking Republican Joe McDade. I told Joe that I knew we would never agree on the details of appropriations bills but I asked him how he would feel about the committee reporting a bipartisan 302(b) budget allocation. He jumped at the chance. For the first and only time in the history of the Budget Act that’s what we did. It means that we had agreed on how much money each appropriations subcommittee would be allocated, but left the details to the subcommittees. There is no way that Joe could do that today. He would be skinned alive by partisans in his own party.

To me, it is obvious that unless members on a bipartisan basis place a greater priority on legislating than they do politicking this will continue to be a place where it is not very much fun and not very rewarding to serve.

I remember something that Dick Bolling, the father of the Budget Act, said to me the night before the House considered the plan. He said that unless the leadership of the parties played it straight and took the numbers seriously the plan would be a failure. Time has demonstrated that to be true.
Unfortunately, it will be almost impossible to resurrect any great degree of bipartisanship because of the way you are elected. Too many of you come from hugely safe districts. The way your districts are drawn produces little incentive to compromise. Under these conditions, any effort on the part of individual members or committee chairs to move toward bipartisanship will be met with efforts to dig up primary opponents for them.

For 42 years I represented a district that statistically was about 52 percent Democratic so I had plenty of incentive to compromise because if I wanted to win it was not enough to just get Democratic votes. I needed independents and some Republicans as well. We need more 52 percent districts and fewer 72 percent districts.

That problem is beyond the reach of this committee to correct. But please at least remember your basic problem is not the budget process. The budget process is simply one example of how our political system has crippled the legislative system.

Meanwhile, if all you really want to do is put a patch or two on the process I would recommend one procedural change. Right now the Budget Committee chair and Appropriations Committee chair live in two different political worlds. If you want to make the process more realistic do one thing. Either make the chairmen of
Appropriations and Ways and Means co-chairmen of the Budget Committee or make the Budget Committee chair rotate between the two. That way the people who are expected to deliver the goods are the people who manufactured them.
Co-Chair WOMACK. I thank the gentleman for his testimony. We will move straight into questions, and I will begin.

To both of you, but particularly Secretary Panetta, two things that in reading between the lines of your testimony, there are two things that come to mind to me. One is the word “discipline,” having the discipline to do what the process is outlined to produce, and the other one was “bipartisanship.” And as Mr. Obey has just testified, that is beyond kind of the control of the Joint Select Committee.

But is it possible to get to a solution to the challenges that face the modern day Congress without a discipline to deal with the process the way it has been given to you and without some spirit of bipartisanship, which seems to be very elusive across the spectrum of issues facing the Congress?

Mr. PANETTA. Well, Mr. Chairman, as stressed by both of our comments, you can’t do one without the other. I mean, that is the problem.

I think the reality is that bipartisanship and the ability to work together is the key to implementing discipline. If one party alone tries to implement that discipline and doesn’t have support across the aisle then it is going to be stopped and blocked and basically will be pushed to a point where it doesn’t serve the process that it was designed to implement.

Look, there is no question, I mean, your fundamental problem right now is the lack of a willingness to enforce what the Budget Act is all about. And admittedly, the Budget Act and the budget process has never been an easy one to implement because it does represent discipline.

As chairman of the Budget Committee, you are never popular because you are establishing priorities. But the nature of the budget process is to establish priorities. It is not about numbers. This is not about just moving numbers around. It is, what are the priorities of this country? That is what is reflected in any budget.

And we are not going to achieve any of our priorities if we don’t manage our budget, because it is going to eat away at our ability to provide the resources necessary.

And, look, the reality is—David touched on this—but the reality is that the budget you are dealing with is now less than a third discretionary and two-thirds mandatory. There is no way you are going to deal with a $20 trillion debt and not be willing to confront the mandatory issue.

Now, I understand the politics of that, and I know how tough it is, but if you are being honest with the American people about the need to deal with the deficit, you are not going to deal with the deficit on the discretionary side alone, that is a joke, especially when you are increasing defense.

So if you are serious about doing this you have got to deal with all of those areas. That requires discipline. It requires a willingness to take risks. Leadership is about taking risks. And if that willingness to do it, if that courage to do the tough decisions is not there, you can frankly implement all the budget reforms you want, nothing is going to happen in terms of the major problem.

So discipline is the key, but you have really got to have bipartisanship and a willingness to work together to make the tough deci-
sions necessary to deal with spending, discretionary, defense, entitlements, and what David talked about, revenues. All of that has to be part of the package.

The only successful packages I was a part of in terms of budget agreements included all those elements. If you want to deal with the budget deficit, you have got to deal with all of those elements. But to deal with that, it needs to be bipartisan, and you damn well need to have the cover of the leadership. If the leadership isn't willing to back you up on those kinds of tough decisions, you are not going anywhere.

Co-Chair WOMACK. Mr. Obey, a quick thought?

Mr. OBEY. Yes, Mr. Chairman.

The father of the Budget Act in the House was Dick Bolling from Missouri, who was my mentor. And I talked to him the night before the Budget Act was scheduled on the floor, because we had a lot of controversy with it. And I remember him saying that unless the leadership of both parties played the numbers straight in the budget process so that people had confidence in the integrity of the process, that you could never expect anybody to support the results.

And that is what has happened, in my view. You have had all kinds of gimmicks. I mean, my God, when you take a look at the assumptions that were made.

I remember one year good old Ed Muskie, we were in conference. We were $400 million away from reaching the target number we needed on the deficit. And so Muskie wanted to take it out of agriculture.

And so in the end if you took it out of grain, you antagonize the grain farmers; if you took it out of dairy you antagonize dairy. And so what the committee did was to tell the dairy guys they were going to take it out of grain, they told the grain guys they were going to take it out of dairy, and they passed it by subterfuge.

You have got to play straight with the numbers or you are never going to get anybody to support it.

Second thing is your substance has to be seen as fair and just for the people you represent. Otis Pike from New York said this during debate: You will never be held in high regard or deemed ethical while you say you can't balance a budget unless a constitutional amendment makes you; while you accept gloriously optimistic economic projections rather than deal with real ones; while you write a Gramm-Rudman bill and then spend days finding ways to get around it; while you let one man make $500 million a year while thousands sleep on the streets.

And then the last thing I would note is a statement that Bolling put in the record just prior to the debate on the Budget Act, when he said this: The objective of budget reform should be to make Congress informed about and responsible for its budget actions, not to take away its power to act.

Co-Chair WOMACK. I thank the gentleman.

Mrs. Lowey.

Co-Chair LOWEY. Thank you again for your thoughtful testimony.

First of all, to Mr. Obey. Two weeks ago we heard testimony from Speaker Ryan in which he endorsed the idea of biennial appropriations, putting funding bills on a 2-year cycle. You note that you oppose this proposal, as do I. So number one, could you elabo-
rate on why you think switching to biennial appropriations would be a bad idea?

And, secondly, for either of you. One of the problems we have been having recently is getting appropriations done, because there is a tendency to drag in all sorts of unrelated legislative issues into the appropriations process.

It is hard enough just reaching agreement on funding levels, but when we become the authorizing committee, because the authorizing committees can't do their work, and we try and resolve issues of banking regulation or environmental law or healthcare policy, I just wonder whether all these riders—and I mentioned before that we were in till about 11:30 last night on Labor-HHS, because there were 50 amendments, all kinds of legislative issues.

Maybe you can tell me, Chairman Obey, how are these riders handled? I am not even getting into Mr. Panetta's in-depth discussion. But how did you deal with riders in the past? We are becoming the authorizing committee, because the authorizing committee can't do their work, and then we get into all kinds of policy arguments and amendments like the 50 last night.

Mr. Obey.

Mr. Obey. Well, first of all, with respect to 2-year appropriations, I believe that the Congress is not in any position to give away any of its powers. It has given away far too many through the years.

And if you take a look at what happens, if you have a 2-year appropriation, understand, once you pass that appropriation bill the bureaucracy doesn't need you for the rest of that cycle.

Under a 1-year appropriation you have always got something that they want. It is called money. And it makes it tough to get away from the Congress if the Congress is going to have you right back up again next year. It is hard on the Congress to have to go through it twice, but it is the way you preserve your power vis-a-vis the bureaucracy, in my view.

Secondly, this idea that somehow if you appropriate 1 year you will have all of this time in the second year to do oversight—bull gravy. The fact is that if you do that what happens is that you lose the leverage, you lose the leverage that you have with a 1-year budget.

Thirdly, supplementals. Congress already does too much by way of supplementals. We funded the longest war in the history of the country on a supplemental. I mean, it is absurd to even think about adding a process that will make it much more likely that Congress will have to wrestle with supplementals.

And then the fourth problem is that if you then add to it the inclination of Members to grab what must be a must-pass bill and attach their favorite authorizing project to it, then you have got a prescription for chaos.

So I would say first do no harm. Don't give up the power that the Congress has. Especially in these days, this democracy requires that you hang on to it.

Co-Chair LOWEY. Well, I thank you very much.

Do you have a comment on that, my friend?

Mr. PANETTA. Just a short comment on it.

I think part of the problem is the breakdown in the regular order process that took place. When I was first elected—and David obvi-
ously before that—but when I was first elected, the committees meant something. The subcommittees meant something.

And, look, we had very diverse Members in the Congress. On the Democratic side we had everybody from Sonny Montgomery to Ron Dellums and a lot of others. And yet, what we did was we operated within the committee process. We had a chance in subcommittee to do hearings, to make amendments, to vote on that legislation. We had a chance in full committee to do hearings and vote on legislation.

And the leadership backed up that process. The leadership basically said: We are not going to take up bills unless they go through the regular order process.

And you felt as a Member that you had a role to play in terms of legislation. It wasn’t being done by the leadership. It wasn’t being done by the Rules Committee. It wasn’t being done by a group in a dark office someplace. It was done by you. You were part of the process.

That is shut down. And so, yes, you are going to get a hell of a lot more riders. Why? Because the authorizing committees aren’t doing anything. So they are going to basically put the riders on appropriations bills because they know appropriations bills ultimately have to move. So you are going to get a lot more riders with a breakdown in regular order.

And, look, the process right now, appropriations operates on CRs. I mean, I know the work is done in committees. You try to work through these bills. But ultimately everybody knows that we are going to face a cliff out there, and you are going to wait until you face the cliff to basically have to do anything.

And so everybody plays the CR game. And that breaks down the process that David talks about where the committees are working on this stuff, doing oversight, doing all the things they have to do.

Because you know what is going to happen. You know the game that is going to be played. You wait until the cliff happens. You wait until you have to raise the debt ceiling to push you. And the leadership is going to get together and try to cut a deal in order to make sure the government doesn’t collapse.

That is the way you operate now. That is a lousy way to govern.

Co-Chair LOWEY. Just, Mr. Chairman, if I may just——

Co-Chair WOMACK. Please.

Co-Chair LOWEY.——repeat a couple of facts before, so we don’t get too depressed here.

We sometimes have to take the long route to get things done to satisfy everyone’s political base. I am not saying whose. But in 2018, for example—obviously we are dealing now with 2019—we ended up with a really good bipartisan omnibus, a really good appropriations bill. I know because I was on the phone every night. We got rid of 169 riders. You could ask, how did those riders get in, in the first place? But that is another story.

And then that takes us to last night, where we are here with 50 amendments on the House. Senator Shelby is working in a bipartisan way with Senator Leahy. They are bringing bills to the floor. At some place the charade in the House may be completed, and I have a feeling it is going to end up in a positive bipartisan bill, because it has to.
So sometimes you have to go through the machinations, because
the authorizers aren’t doing their work and they had to bring them
into appropriations. And I am not saying, and I welcome, the rea-
son we wanted this hearing, to hear maybe how we could shortcut
this.

But in the end after everyone has done their press release and
we deal with all the poisoned pills, we ended up with a pretty good
process. And on each of the subcommittees of which I am a visitor
and a part, there really was some good bipartisan discussion.

So I won’t throw the whole thing out, but it is an interesting
process the way it is working now, and it may be a longer, longer
process.

Co-Chair WOMACK. I thank the gentlelady.

Senator Lankford.

Senator LANKFORD. Thank you, Mr. Chairman.

Gentlemen, thank you being here very much.

Mr. Panetta, let me start with you on this. Thanks for the very
detailed recommendations that you put in place. I want to continue
what Nita was talking about as well on the 2-year cycle.

You make a pretty strong case for having a 2-year budget proc-
cess. Would you have that same case for a 2-year appropriations
process, especially with an insight on contracting, CRs, which you
mentioned before, lost months when you can actually do con-
tracting?

You have been on both sides of this. It gives you a unique per-
spective. So help me understand where you are coming from on a
2-year budgeting process, 2-year appropriation process.

Mr. PANETTA. Look, the reality right now is that most of the
agreements that are being made are made over a 2-year period to
try to give you some relief so you don’t have to fight the same wars
the second year.

Look, the biggest problem—and I have seen it from both sides,
obviously from the Hill perspective, but also from being in the ad-
ministration, particularly as Secretary of Defense—the worst prob-
lem in terms of defense is uncertainty and not knowing what the
numbers are going to be and not knowing exactly what is going to
be available.

And you have weapon systems that are out there that have to
be funded. You have troops that have to be paid. You have all
kinds of requirements that have to be dealt with. And you are not
sure what exactly you are going to get.

And particularly when sequestration happened, you had this
process of then slashing funding across the board. And at the time
I said it is really going to impact on our ability to do maintenance
and all the other things that have to be done.

So it is the uncertainty in the process. And I think a 2-year proc-
ess, since in many ways it is now incorporated in the dealmaking
that goes through it, I think a 2-year process that lays it out for
2 years—look, on the appropriations side I think Mike Enzi has a
good idea of perhaps running six bills one year and six bills the
next and allowing some degree of oversight in the offyear.

But the fact that you can lay out some degree of certainty with
regards to where you are going so that you can do the planning and
you can do the kind of decisions that have to be done, I think that is an important thing to consider in this process.

Senator LANKFORD. The connection between reprogramming dollars with appropriations committees and for agencies having to be able to come back for reprogramming authority, is that a sufficient hook to be able to push agency back to appropriators?

Mr. PANETTA. Yeah. No, it always is. I think that is right.

Senator LANKFORD. Let me ask you, you had an extensive set of paragraphs on budget gimmicks, with a full confession that I occasionally used a couple when I was sitting in the other chair. So talk to me about a little bit of how that actually fixes the process.

You talked about ChIMPS, you talked about timing shifts, you talked about the magic asterisk. Are there any of those that are in particular that you say this is a big issue, or it is just deal with all of them?

Mr. PANETTA. I think you have to deal with all of them, because, look, the nature of the way you do this process is that it requires difficult decisions. And every time that you have to make cuts, every time you have to deal with spending programs it is, instead of going directly at it, if you can find a way around it that is what happens. That is the way we operate. And as I said, I have been part of that.

And so I can remember once as OMB Director I had recommended as OMB Director that—it was about $8 billion, and I recommended that on the transportation bill, instead of allowing for people to add new projects to the appropriations bill, that they would have to be authorized by the Transportation Committee.

Well, it was somebody named Bob Byrd on the Senate side who did not like that because he was able to pave a lot of West Virginia based on the appropriations bill. And so Bob Byrd called, called the President, and said, “You know, Mr. President, I am not going to be able to support your budget if you include that provision.”

So the President called me and suddenly I was $8 billion in the hole. And so I told the people at OMB, “Where can we go to come up with $8 billion?” And we found some additional savings in different places. But I still got down to I think it was about $3 billion to $4 billion.

And finally I looked at my economist and I said, “Look at that growth number and figure out if maybe a half percent on growth might be added.” And that took care of the problem.

So, yeah, you are in a box, you turn to those gimmicks. The problem is it erodes the system. It erodes the honesty of the process. Sometimes you get to a date, and it is the end of September, and if you can move that payment to the 1st of October you can save money in that year. It is phony, but it is the game that is played.

So I think if you are serious, I would look at each of those gimmicks to try to make sure that they are not being used because it is dishonest. It is dishonest.

Mr. OBEY. If I could just make a point on that, backing up what Leon says about dishonesty.

Jim Jones’ portrait is hanging here on the wall. He is from the same State that you are and that I was born in, Okmulgee. And he had a big confrontation with President Reagan on the budget in 1981. And when the time was approaching to vote on the budget,
at that point Jim Jones thought he had it won because his budget resolution produced a smaller deficit than Ronald Reagan's.

So what happened was that over a 10-day period the Reagan administration simply decided that they were going to change some of their economic assumptions.

And so then when we returned to town, lo and behold, all of a sudden the low dollar man in terms of the deficit was Ronald Reagan, not Jim Jones, and that is why Jim Jones lost the vote that turned control of the floor and the Congress over to the minority.

My point being, that is my basic objection to the Budget Act as it stands. It forces Members of Congress to focus so much on details and gimmicks rather than determining what their basic values are and how they are going to deal with them. And sometimes we function a whole lot better on an informal basis than we do if we have to meet artificial targets that require us to do artificial things.

And I would just show you one thing. I have got an old chart which I held up on the House floor during that 1981 debate, and what it showed was the projection.

The deficits under Gramm-Rudman I for fiscal year 1985 to 1990, the deficits were projected to go from $172 billion to zero in 1990.

Instead, they went from $212 billion to $220 billion. Most of that was simply due to games that were played on economic estimates and assumptions.

Co-Chair WOMACK. Mr. Yarmuth.

Representative YARMUTH. Thank you, Mr. Chairman.

And thanks to both of you for sharing your experience and wisdom with us.

Mr. Obey, I remember well during my first two terms here when you were chairman of Appropriations, and you were during certain seasons the most popular person in the House, because everybody was trying to get their congressionally directed investments, also known as earmarks, approved.

We haven't really had much discussion in this joint committee about earmarks. Would you both discuss what impact you think restoring earmarks might have in resolving some of the polarization, the conflicts that we have in the process now?

Mr. OBEY. Well, I am yes and no on it, because I have been in the middle of that fight for so long.

The problem is that Congress ought to have the right to determine where money goes on a district-by-district basis to at least some degree. They shouldn't be able to decide it all, but if I represented my district for 42 years I think I had a hell of a lot better idea of what was needed for different communities than the OMB Director did.

The problem is that that is true for 90 percent of the Members, but then you have always got 1 or 2 percent who foul the nest by getting greedy, by getting slippery, or sometimes even sleazy, and it gives the institution a bad name.

So I guess what I would say is, in theory, I would like to see earmarks restored because that represents one manifestation of congressional power. But when I see what it does to the institution it
is very hard for me to recommend that they restore those, if you can find some way.

The other problem you have is when you start to explode the number of earmarks. The Labor-H bill went from zero earmarks to over 4,000 earmarks within a 4- or 5-year period. That eats up an enormous amount of staff time just checking out the project to make sure that somebody isn’t pulling a fast one.

And so it is a prerogative that the Congress ought to have, but I would rather look elsewhere for preserving the Congress’ constitutional authority.

Mr. PANETTA. I am a supporter of allowing Members to do this, because I think Members are elected to represent their constituents. And if there is a need that your constituency faces, you ought to be able to have the opportunity to go to the key chairman and members of a committee and justify providing funding for that particular effort. I think that is part and parcel of your responsibility as a representative of the people.

There are ways to try to check this. I think the reason earmarks became such a target is because they got out of control. Huge numbers were added to certain bills. I think they created real problems. Some of those earmarks were unjustified. That created real problems.

But I think if you have a limited number and you have greater transparency in what is included in earmarks so the public knows what is a part of it, I think there is a way to do this.

And I have to tell you. From the approach of running this place, from the approach of being in the administration as chief of staff trying to be able to get things done up here, the ability to be able to focus on what somebody needs is a very important incentive to trying to urge that individual to do the right vote.

And I think having given that up has really hurt both the leadership and it has hurt the ability of administrations to be able to work their will on the Hill.

Representative YARMUTH. I appreciate that.

Mr. OBEY. I agree with that, too. Let me just one point. One of our problems is we know so many things that ain’t so. And the number one project that got Congress into trouble on earmarks was the Bridge to Nowhere.

But guess what? Number one, that was not done by the Appropriations Committee, it was done by the authorizing committee. Number two, the money that went to that bridge came out of Alaska’s share, it didn’t come out of anybody else’s. So the Congress took a real beating for stuff that wasn’t so.

Representative YARMUTH. Thank you very much.

Co-Chair WOMACK. Senator Blunt.

Senator BLUNT. I am no expert on the Bridge to Nowhere, but I think number three is it actually went somewhere, under the circumstances you mentioned.

Not much good said about the Senate. The Senate is designed to be a disappointing institution, and we fulfill that.

But I appreciate Co-Chairman Lowey’s comments that we have tried this year. We got all of our bills out of the committee by the end of June, moving those bills in packages. We don’t have a lot
of history here in recent years. Somebody could walk off the field at any moment.

But not allowing the appropriations process to become the authorizing process is important. There are times when authorizers and appropriators and everybody else agrees this is a moving vehicle; this is something that needs to be done, this is the moment to do it.

And then the other comment that Congresswoman Lowey made is she is leaving here to go to a conference committee.

Co-Chair LOWEY. It cancelled.

Senator BLUNT. Now this is a much more unique thing than it would have been a decade ago, the idea of going to a conference committee.

And to go back to my other comment, anybody could walk off the field at any moment. And Congresswoman Lowey said the committee meeting was just canceled. But we both voted to go to conference, and we are ready to go to conference. And maybe some experience.

Part of the problem is we haven't had a real number since the Budget Control Act. And I think both of you have addressed that in different ways. You have to have some agreed-to number to know how you are starting.

So one reason this year might work better than last year is last year we weren't shooting with real bullets until about November, when there is an agreement, okay, here is the real number we are going to use.

The whole process, the budget process, the spending process, the entire process is based on we know so much that isn't so, like Congressman Obey just said, we know this is not going to work out this way, makes it really hard to get in and do the work that we need to do.

A couple of thoughts. One, I don't think it is coincidental that the real breakdown in the process ended about the same time Members didn't have anything to go home and specifically talk about.

What about the idea that Senator Byrd objected to that you can only appropriate things that were authorized, with the transportation caveat? But would that be a way back to where Members had more reasons to talk about what they had voted for than we currently give them?

Mr. PANETTA. I think it is important. I did it as OMB Director, frankly, I did it as chairman of the Budget Committee, was to really stress the importance of the authorizers to do their job in authorizing particular spending, rather than having the Appropriations Committee have to totally carry that ball and have to deal with unauthorized projects of one kind or another.

You know, the problem I see now is, as I said, when I was here every one of these committee rooms was working. There were sub-committees meeting, there were full committees meeting. You know, the committees I served on were having hearings. They were doing markup. They were in business.

And, frankly, the chairmen of those committees and the ranking members would not have it any other way. The chairmen of the authorizing committees said: You damn well are not going to move this through appropriation because it is my jurisdiction.
That is the way it used to operate, and that has broken down, and I think it has made the problem that much worse.

Senator BLUNT. I want to get to calendar year. One of your recommendations was we would have more time if we worked on the calendar year rather than the current fiscal year. I would like both of you to comment on that.

That is your recommendation. So, Congressman Obey, do you want to start? Would that make this process work any better than where we currently are?

Mr. OBEY. I don’t really care. What I care about is whether or not you can get your work done.

Senator BLUNT. Right.

Mr. OBEY. And I just think that if you eliminated the budget, the necessity to pass the budget resolution, if you went back to the old system of simply informal agreements between the leadership and the committees about how much ought to be spent on this, that in that area, you would have a lot more time to deal with appropriations. I think that would be a bigger change.

Senator BLUNT. So you would buy that extra 3 months by just eliminating the budget process.

Mr. OBEY. Yeah. And if you want to do it, if you want to do the additional, or if you want to move the date, as well, I don’t care. I don’t know if it would help or hurt. But I do know that right now we are spending a hell of a lot of time on an institutional press release that doesn’t spend a dime.

Senator BLUNT. Secretary Panetta.

Mr. PANETTA. You know, I mean, I understand David’s point. And, frankly, at that time Appropriations, Ways and Means, I think there was a process that they abided by.

But the reality is that you are now operating in a situation where you are facing trillion-dollar deficits. You have got a $20 trillion debt that is going to explode in the outyears, all of the projections say what is going to happen.

And I don’t think you can do this just simply by Appropriations and Ways and Means because of the tough decisions that are going to be necessary in order to put this back on the right track. That is the problem.

Appropriations is not going to do that on their own. They don’t deal with mandatory. And Ways and Means is not going to do what they have to do without some kind of mandate from the budget process in terms of reconciliation the way it is supposed to work.

So I think the reason you have got to put a better process in place in terms of the budget is to try to deal with the challenges we are facing as a country in terms of trying to ultimately put this country on a better fiscal track over the next 5 to 10 years. You are going to need that kind of budget.

I know how appropriations operates on a year-to-year basis. I know how Ways and Means operates on a year-to-year basis. But the bottom line is you are not going to deal with the elements of the budget that have to be dealt with in order to improve our fiscal situation without having at least a committee that looks at the whole picture.

Co-Chair WOMACK. Senator Bennet.

Senator BENNET. I guess I would like to start where you ended.
First of all, I wonder whether either of you would be willing to run for Congress again, based on your testimony? And while you are considering your answer to that let me ask this question. After 10 years of budget press releases and cliffs and wasting money for the Defense Department and shutting the government down, all in the name of fiscal responsibility, we find ourselves in a place where next year, I guess, we are going to collect about just under 17 percent of our GDP in revenue and we are going to spend almost 21 percent spending as a percentage of GDP.

That will provoke, create the largest deficit that we have had as a percentage of GDP in the Nation’s history outside of a war or recession.

And, Secretary Panetta, you mentioned earlier that the way you see it, it is either management by crisis or by leadership. Leadership is better than crisis. But there is not a lot of leadership around here, and I am really worried about a crisis.

And I wonder whether you could both sort of help us understand what the conditions are, the political conditions, you are both politicians, what they need to be for us to actually address this issue, grapple with this issue in a meaningful and responsible way, what the process, Leon, looks like that you are talking about really. I mean, if you were here, what would it look like to drive a budget agreement that dealt not just with discretionary but mandatory spending, as well?

And then finally, if you could each just say a word about what it would mean for Members to actually take back some responsibility from leadership. There are a lot of us that have worked here throughout a time when there has not been any opportunity for Members to make decisions about the kind of things you are talking about.

So any perspective on any of that I would appreciate.

Mr. Panetta. Well, that is the issue that I really struggle with, which is, how can this place get back to governing? And in many ways that is the bottom line. You are elected to govern. You are not elected to come back here and pound your shoe on the table and simply play politics. You are elected to come back here to govern. And governing involves some tough decisions.

And the issue is, how can we get back to that? Because I am not so sure, frankly.

When I was here, governing was good politics. It made sense for me to come back here and work, even if it was a Republican administration, a Republican President or a Democratic President.

If we governed and did what we thought was necessary, found the right consensus, found compromise, got things done, even though my constituents might not always agree with my positions, they knew we were governing and running the country.

I am not so sure right now that governing is considered good politics as opposed to stopping the other side from doing what they want to do.

You guys are engaged in trench warfare up here. You are in your trenches, and you are fighting this war, and you are throwing grenades at one another, and every once in a while you come out of there. You are worried about somebody shooting you in the back
if you try to negotiate something. And so nobody wants to go into no man's land, so you stay in the trenches.

How do you get break that? How do you get back to governing? That really requires tough leadership that is going to have to take risks.

Look, when David and I were here it was not only the leadership. I mean, look, Tip O'Neill and Bob Michel used to kick the hell out of us if we didn't get the budget resolution done. They backed us up on tough enforcement. Tip used to constantly say, “When are you getting the budget resolution done? We need it done.” And they were pushing, they were pushing, and backed it up.

And so you need to have that leadership at all levels. We had chairmen, strong chairmen at the time, people like Rostenkowski, people like John Dingell.

And let me tell you something, these were not chairman who just kind of sat back and waited to see what the hell the budget was going to give them. They basically used to come to me and say, “What the hell are you up to? What are you doing?”

And I had to visit every chairman. When I was budget chairman, I visited every chairman to try to make sure that they were informed of what was going to happen, because otherwise that chairman had the power to throw the whole damn thing off track.

So because there was leadership at those key levels and all of them wanted—I mean, they thought—it was abhorrent if we didn't pass a budget resolution. I mean, Tip O'Neill, Tom Foley, everybody was on my butt in order to make sure we got it. They cared about that.

If that is not there, if that pressure is not there, if everybody sees that you can take shortcuts in the process, it is not going to happen under any circumstance.

The other thing, very frankly, is you need a President of the United States who cares about this stuff. I mean, if a President of the United States really cares about this stuff and is willing to convene bipartisan leadership to focus on the tough choices that need to be made and is there to back it up, let me tell you something, then you will see things happen.

George Bush made the pledge, “Read my lips, no new taxes.” And I remember as Budget chair he asked me to come up and talk to him after he soon got elected. And I said, “You know, Mr. President, let me tell you something. You are not going to be able to stick by that, because the deficits are going up, and you are going to have to confront that.”

And he said to me, “Frankly, look, I can't back away from that now, but there will be a point at which we will have to sit down and negotiate an approach.”

And to his credit, it was tough for him. I understand the politics of this stuff. It was tough. But he was willing to go ahead and negotiate, Republicans, Democrats, and that is what led us to the 1990 budget agreement.

It took courage. It took courage. You know, he may well have paid a price for that. But you guys are elected to exercise leadership. And I think, unless you bring those ingredients to bear, Members on their own are not going to touch this stuff because it is volatile.
You are not going to deal with entitlements. You are not going to deal with raising taxes. You are not going to deal with all of the issues you have to deal with, because it is trouble. Doing that on your own, it would be nuts.

But if you knew you had the cover of leadership, and you knew that there were people that were going to protect you in making these tough decisions, then there are Members that are willing to walk that line. But if that is not there, this is tough to do.

Mr. OBEY. If I could just comment on something Leon said.

My problem with all of this is that we are all talking about what we do on the process and in order to solve a political problem. The problem the country is facing is not process, it is political. It is political. And everything else is just avoidance. You can't deal with the real problem on this committee.

Start with districting. I was elected for 42 years from a 52 percent Democratic district. That meant that I had plenty of incentives to try to find independent votes and some Republican votes on a good day, and that is what it took to get elected in a district like that.

Today we have got too damn many 72 percent districts rather than 52 percent districts. And as a result there are no incentives to legislate. There are no incentives to compromise.

Do you think Joe McDade could do today what he did with me when I got him to agree to a bipartisan 302(b) allocation out of Appropriations? Do you think Joe McDade could do that today without having his head handed to him? Like hell. No way on God’s green earth that he could do that.

Do you think that I proposing a joint 302(b) allocation back in those days in 1994, do you think I could do that under this atmosphere today? I sincerely doubt it. So you have got the districting problem.

And then you have got campaign finance. The major reason I retired—I love this place—but the major reason I retired is that I knew in a 52 percent district I was going to have to spend all of my time being a glorified telemarketer raising dollars, and that is the last damned thing in the world I wanted to do when I came here.

And so it is what the political system is doing to everything else. We are not attacking the Medicare. We are not attacking healthcare in a constructive way. Parties are looking for a way to one-up everybody else. And you have got to have some incentives built into the system or it is just a bunch of high-minded talk that isn't going to get us anywhere.

So you have got to look beyond the process issues, and then if you could somehow change the political atmosphere process will take care of itself, because Archy the Cockroach is right. What counts is not what system you have, what counts is what you do with whatever kind of system you happen to have.

Senator Ernst. Thank you to our witnesses today. It has been really good to hear from both of you.
And I appreciate, Secretary, your words on leadership and courage and assuming that risk. And the issue that faces this committee, though, is what do you do in the absence of leadership?

So we are tasked with coming up with a plan that will move our Congress forward. And so a number of different discussions have gone on here. You both have laid out different ideas on how we could reform the process if the process is to be reformed.

Mr. Obey, you mentioned the incentives. Sometimes those motivating factors can be punitive, as well. And one of the things that we have talked about as far as incentives for Congress to get their work done is to perhaps withhold Members’ pay, their recess, travel, until we get a budget in place.

Because no matter what process we have in place, I don’t care what it is, I am going tell you, and you know this, Members of Congress are always going to find a way around that system. And we will end up with CRs, we will end up with other gimmicks.

What do you think about those ideas, no budget, no pay, no budget no recess? Could you both maybe talk a little bit about those ideas?

Mr. Obey. What do I think of those ideas? Not much.

Senator Ernst. Can you expound?

Mr. Obey. I don’t really think I need to. I mean, if you are a freshman legislator in the House of Representatives and you come in here, and the institution fails and doesn’t produce a product, why should that individual Member pay the price for the idiocy of the institution? I don’t think they should.

Senator Ernst. Secretary.

Mr. Panetta. I know all the thoughts about trying to force doing what is right. This is a cycle we always go through. I remember when I was on the Budget Committee that same kind of politics as now. Republicans didn’t want to raise taxes. Democrats didn’t want to cut entitlements or spending.

And so if people weren’t willing to confront those issues, then everybody was thinking: What is the shortcut here? How can we do this without having to really face those tough decisions?

And so people were coming up, obviously, with a balanced budget amendment for the Constitution. I mean, Gramm-Rudman was basically the shortcut. I mean, Gramm-Rudman basically said let’s just set this path and cut the hell out of everything in order to stick to that path. Well, it is one way to do it, but the problem is Congress never stuck to it. And so we always found a way around it.

I think, frankly, the greater key is to, if you come to a decision on this joint committee to establish some changes or reforms, then I think it is absolutely essential for the leadership to require that you abide by those changes. And I think they are the ones that are going to have to push Members to then take the steps necessary to get it done.

That is the best way it works, is to have them lean on the people that have to do the right job. And they have ways to basically be able to twist arms. They have to do it every day.

And there has to be, I think, peer pressure that basically comes at play here so that everybody is pushing to adhere to it.
I think if you establish penalties of one kind or another the problem is that not only will Members feel that that really is overstepping the line in terms of hurting them, but more importantly, what will happen is they will find other shortcuts to trying to get the job done, because then their pay or whatever will be on the line so they will find another shortcut.

I think what you want to do is find a way to make sure they stick by the process.

Mr. OBEY. Let me just say, there is an assumption here, I think, that the leadership is always going to do well. Sometimes the leadership is incredibly ignorant on specific problems facing committees. I will tell you one story.

Bill Young, when Bill was chairman of the House Appropriations Committee and I was ranking member, Bill and I were very close. I really loved him.

And he came up to me one day, he said, “I just got to talk to somebody. You have no idea what just happened to me.”

I said, “What is that?”

He said, “I was in my office, and the phone rang, and it was Speaker Hastert. And he said, ‘Bill, we have got a rebellion on our hands and I need to talk to you about it quick. We need you to come right down here to my office.’”

So Bill went down, he walked into the Speaker’s office, and the Speaker said, “Bill, we have got a number of our junior Members here and they are upset with no progress, and they are demanding that we move appropriation bills. How soon can you start moving those damn appropriation bills?”

And Bill looked at him and said, “Well, Mr. Speaker, first I have to have an allocation.”

And the Speaker said, “What is an allocation?”

The way this place needs to work, political parties have a very legitimate role to play. But the kind of politics I was taught was that the leaders of both parties would decide the direction they wanted to take their caucuses and their parties nationally. They would decide what direction they wanted to take, and they would put together their ideas on how to do it.

Then you bring it into the Congress. And then what the committees are supposed to do is to leaven that product with the knowledge that individual committee members have picked up through years of working to understand this stuff.

And there is an advantage if you have got somebody who has been on Labor-H for 12 years and knows, really knows how NIH works. Committees are supposed to be able to know enough to persuade the leadership to modify their product so that it will stand the test of political reality when it hits the newspapers and when it hits the floor.

And so you need a balance. You need a balance between strong leadership also needs to be informed leadership, and then also super informed committee members who know enough about these individual programs to know what is a good idea and what isn’t. And maybe you ought to modify the Speaker’s pet project in order to make it saleable.
I am proud of the fact that in the years I was chairman Nancy Pelosi never ordered me to do anything. If she wanted me to do something she would come in and she would be mighty persuasive. But in the end if I said, “Nancy, I am sorry, but here is why I can't do this,” she would listen. She might not like it and she might raise hell with me and ask me to change my mind, but she respected my knowledge and I respected her obligations and her knowledge.

Senator Ernst. And I appreciate the input. If I could just wrap that up, I do believe that we will find a way around any process if there isn’t something that is forcing us because of all the things that you outlined with partisanship and so forth.

So I do support having measures in place to force us to do our jobs because, unfortunately, with the dynamic we have right now we are not doing our jobs and we don’t have the leadership that compels us to do our jobs.

Thank you.

Mr. Panetta. I think as long as you are thinking about that, I mean, I think, rather than kind of going after pay or what have you, I think trying to clearly set an approach that says legislation that does have a fiscal impact will go nowhere without a budget being approved. I think you need to turn to the process and what needs to be done, and then the price you pay is that you can't just simply find ways around it, avoiding the necessity for some kind of budget.

Senator Ernst. Thank you, Mr. Chair.

Co-Chair Womack. Thank you, Senator.

Mr. Kilmer.

Representative Kilmer. Thanks, Chairman.

Thanks for being with us.

Maybe, Mr. Panetta, I will start with you. I am struck that process changes and enforcement mechanisms only really work when they are implementing and enforcing policies for which there is a bipartisan political consensus, and when there is not that political consensus they break down.

So at one of our prior hearings Maya MacGuineas was here and talked about ways you could increase the transparency and awareness of some of the fiscal challenges that you have spoken so eloquently to.

One of the suggestions that she spoke to was having some sort of a fiscal State of the Nation address where the GAO or the Comptroller General would come in and actually lay out some of our long-term fiscal challenges. I wanted to get your impression of that.

Mr. Panetta. Well, I think those are all good ideas. I think having some kind of summary or some kind of report or message with regards to our fiscal health is important.

But, frankly, that is the responsibility of the President of the United States. And we have not really in recent years had Presidents address this country on the fiscal crisis that we are facing, largely because Presidents are like everybody else, that would interrupt their ability to get the money that they want to get for the spending that they want to do.

And so there are very few Presidents in recent years who have really spoken clearly to the American people about the kind of cri-
sis we are confronting. And I think the result is that everybody then thinks you can tiptoe past the graveyard, and nobody pays attention to the level of crisis that we are confronting.

And one of the reasons we were able to pass the 1990 budget agreement and the 1993 budget agreement was because Ross Perot in his campaign made this an issue. You need to have at a national level somebody who is willing to address the crisis we are confronting.

Representative KILMER. Mr. Obey, I enjoyed reading your testimony and the references to Archy the Cockroach made me go on Amazon and buy “Raising Hell for Justice.”

So I had already read “Worthy Fights,” for what it is worth, Mr. Secretary.

I wanted to echo the observations of Chairman Lowey. You have seen this interesting dynamic this year where the Senate has committed to a bipartisan process, agree on 302(b)/s, not having the partisan riders, a very different process than the House. I got an opportunity to think a lot about process reform during our 13th hour of markup last night.

I am struck that the Senate hasn’t been more successful in finding success because of rules or process, but because they have made a commitment to a bipartisan and consensus bill process.

Now, having said that, in your testimony you made reference to reconstituting the Budget Committee so that it more accurately reflects sort of the realities of what is coming out of Ways and Means and of what is coming out of approps. I was hoping you could just speak a bit more about why you think that would improve the budget process.

This is for you, Mr. Obey.

Mr. OBEY. Well, I think there is a very good reason why the Senate appears to be working in a more bipartisan way than the House is on this stuff, and it is called districting. It is the way the lines are drawn.

If you are in the Senate you represent the whole mixture of pressures and counterpressures in a State. If you are in a House, and if your legislature has drafted it so that Democrats and the Republicans are super safe, then they don’t have any pressure to compromise.

In fact, the pressure is just the opposite. If you pull a Joe McDade and try to work out a compromise with Dave Obey, you are going to get skinned by your hard right. And if you are Obey trying to work out a compromise with McDade, the same thing might happen.

So, I mean, we can talk all we want about these little issues. They are all around the edge issues as far as I am concerned. What counts in the end is what kind of incentives you have in the system besides human nature. What kind of system do you have built into the system to pressure people to do what is for the good of the order. And the only way you get that is to change, redistricting. I think you also need to counterweight the incredible role of money in this place.

And, thirdly, you have got to have a party leadership who is going to pull the main single issue groups in your umbrella into your office and tell them to go to hell, that you are going to do
what is right and you need their help to do what is right, and if they want to hit you with their priorities after A, B, and C are done, fine, but until then to hell with you.

I mean, until you get that kind of approach from our leaders, until they mean it, and until the involved citizens of this country decide that it is more important to get something done than to have me win all the time, we are just going to be going nowhere. This is a crisis. Yes, the debt and the deficit is a serious problem, but it is not the crisis that we have with the crisis of confidence in the political system right now. That is the real crisis. And I don’t see much real work being done on that.

Representative Kilmer. Thanks, Chairman. I yield back.

Co-Chair Womack. Senator Perdue.

Senator Perdue. Thank you, Mr. Chairman.

I would like to thank both the co-chairs for these outstanding witnesses today. And I so respect their contributions, their careers.

And I thank you both for being here today. It has been very fascinating.

I have only been in the Senate 3 years. I am on the Budget Committee. I come from a business world where this conversation is alien to me. I mean, we fund things. We do budgets like breathing. You have to.

Biennial? I don’t know any corporations that do biennial. I know a couple States do.

The last 3 years we have been looking at best practices of other countries, States, and companies, and I can’t find anybody that has a budget resolution that is not a law, leads to an authorization that really hasn’t been done in two decades, and then an appropriation process.

I believe, frankly, after looking at this in depth—and I want to get your opinion on two questions very quickly, and I will get to it very quickly—I think this whole process was doomed the day the 1974 Budget Act was enacted. It has never worked. It can’t work. It will never work. It has only funded the government on time four times in 44 years.

And, Secretary, I think 2 of those years were on your watch in the nineties. There were 2 years in the seventies right after it was enacted. Other than that, we have always used continuing resolutions. As matter of fact, we used 177 continuing resolutions in those 44 years.

And actually, and we don’t write about this much, but Congress has actually shut the government down 20 times during that period of time.

Now, you talk about breeding confidence with the electorate. I am sorry, but that just doesn’t do it.

So my question is twofold. I think there are two levels of issues here. One is, how do we fund the government on time without all this drama without the use of CRs? That is the primary focus of this committee.

But you both bring up the second dimension of this, and that is dealing with this debt crisis. I thank you so much for calling it a crisis because sometimes up here we just kind of skip past the graveyard here on this thing.
How do you ever get at the spending issue if you don’t really consider all of your expenses? Let me be a little more direct. And I would like, Chairman, you, and, Secretary, both address this, if you will. We spent $4.3 trillion this year in total expenses. About 1.3 of that is discretion. The balance of that is mandatory.

By definition, in the Senate the Finance Committee is in charge of Social Security and Medicare, and so in theory you think, well, okay they are in charge of mandatory expenses. But they never really get looked at by the definition of mandatory.

So the question is, how in the world should we be thinking about—I don’t know any other budget process in the world that doesn’t budget its full expenses. And it forces you then to look at the withholding equation on the revenue side, on Social Security, the same thing on the Medicare side.

We are told the Medicare trust fund goes to zero now in 8 years. I don’t know any other better definition of a crisis than that.

Help me understand how we are going to ever solve this if the budget authorization and funding process, appropriation process, only deals with 25, 30 percent of what we spend. And how would you recommend we think about that, Secretary?

Mr. PANETTA. Well, you can’t do it. You can’t do it. You can’t do it. You are not going to solve the problem facing this country unless you deal with all aspects of the budget. That is the reality. And people have tried to avoid dealing with certain aspects of it. And so the result is that it distorts the process.

I mean, the idea that you can—you increase defense, leave mandatories alone, and simply go at it through the discretionary accounts, you know, you are kidding yourself in terms of whether or not that is going to deal with the larger crisis that you are confronting.

So it seems to me that if—I mean, if the budget process is going to count for anything, the only justification for the budget process is that it looks at that bigger picture.

And that should be the responsibility of the Budget Committee, to look at that bigger picture and where we are headed and then to deal with each of those elements. What are we doing on discretionary spending? What are we doing on defense spending? What are we doing on mandatory spending?

I mean, I think mandatories, frankly, ought to be part of the budget process, and looking at the different mandatory programs. How they are being spent? What kind of trouble are they in? How effective are they? Because a lot of this stuff on autopilot has been going on for years without taking the time to really look at the elements of it. So that ought to be part of it.

And, very frankly, revenues have to be part of that, as well. There is a revenue part of the budget that is extremely important to the entire picture.

You have to look at all of that. And the only way you are going to be able to address the level of crisis that we are now confronting, and it is like a business, you can’t run a business and not look at every aspect of your costs in that business.

And if you do that you can get the costs down. Tough decisions. You may have to fire people. You may have to do things that cost
you money. They are tough decisions. But that is what running a business is all about.

Well, the same thing is true here. You want to run the country, you are going to have to make some tough decisions on these issues.

And it is the process of avoiding those tough decisions over these last 12 or 15 years that has gotten us into deeper trouble. It is easy to spend money in this place. It is easy to cut taxes in this place. But when you have to pay the piper, when you have got to say what are we doing to the deficit, what are we doing to the taxpayers in this country, then people try to find a way around that responsibility, that accountability.

And somehow, unless we get back to that larger process of looking at the larger picture, we are going to continue to try to find ways to get around the responsibilities that we have.

Mr. Obey. I guess what I would say is that we need to remember that there is no requirement in a democracy for a happy ending. There just isn't. And we aren't going to have a happy ending unless we recognize that some fundamental things have to change. And I go right back to redistricting.

I think it is modestly possible for the Senate in the end to tackle these issues. I think it is highly unlikely that the House will be able to successfully attack these issues so long as you have the same people coming here time after time.

It used to be fun to solve problems. I mean, when I chaired the Foreign Operations Subcommittee, and Nita was a member of the subcommittee then, when we went to conference the Senate chair was Bob Kasten from my own State. And before we sat down in conference I sat down with my staff, and the very first question I always asked was, “What does Bob have to have in the end in order to sign up?” And we would work from that point.

When I became chairman I was naive enough to think, “Aha, now that I have got the gavel I can do things my way.” No way. I mean, I discovered that the job of a chairman is to find that point at which you get 218 votes. That is the job of a chairman. And then secondarily, if he can also in the process push his values and his favored programs, that is a bonus. But first you have to get things done.

And so until we change the basics I don't see how we get there. I wish I did. I know that political consultants will say never leave them with a downer. I am sorry, I see the downers right now, and I wish I didn’t.

Senator Perdue. Thank you.

Co-Chair WOMACK. Representative Woodall.

Representative Woodall. Thank you, Mr. Chairman.

And thank you all both for being here. I was a young staffer during both of your tenures here.

I remember just as much color from you, Chairman Obey, on the floor then as you are giving us today. I thank you for that.

I stare at your picture, Mr. Secretary, day in and day out on this committee.

I appreciate in your opening that you said we actually have a responsibility as a joint committee, not just an opportunity. I have
always thought of it as an opportunity, but the truth is we do have a responsibility to get something done.

The biggest disappointment of my short congressional career was the supercommittee that had an opportunity to look at every single dollar of government spending, take it directly to the floor to avoid the politics that you all have both talked about, and they couldn't find a single dollar on which they agreed.

I wanted to focus on that just for a moment, coming from a regular order appropriations process. Coming from both an Article I and an Article II spot as you do, Mr. Secretary, what do you think about that supercommittee process, where you say we are going to try to bring together some thought leaders and we are going to bypass the regular committee process and send some tough decisions directly to the floor if the authorizers are failing to handle it on their own?

Mr. Panetta. Look, I always thought as Budget chairman that it was our responsibility to make those tough decisions. And the fortunate thing is at the time I had the broad support of leadership, the President, and others, to be able to take those steps.

I also understand that that may be impossible right now, particularly as far as the House is concerned. I don't think it is impossible in terms of the Senate, but I think it is impossible in terms of the House.

And for that reason I was a little bit—I was concerned that when Simpson-Bowles made their recommendations—and the President asked me about that. And I said, “You ought to endorse what Simpson-Bowles did.” Because, very frankly, it is bipartisan. Tough decisions were made. I think you might not agree with all the recommendations in it.

But I think it is important to endorse the process. And he was concerned about some of the particular recommendations. I understand that.

But I think you may have reached the point where you may need to have a Simpson-Bowles-type commission, be able to make recommendations that deal with each of the areas I just talked about, because I don’t see that happening otherwise. And, very frankly, unless you have those decisions in place, I am not sure that process alone is going to get you there.

Representative Woodall. I look around at particularly the newer Members who are here. They came because of the sense of urgency that you all both describe. And I see lots of Members that would be pleased to cast that deciding vote. If all they had to trade for the future security of the country was the job that they have today, they would happily trade it away.

I have always said the happiest folks on Capitol Hill were the Democrats who lost their job over the Affordable Care Act. What a small price to pay for doing something that you thought was going to move the country in the right direction.

But thinking about doing big things, 1983 Social Security amendments. No one was poor-mouthing those changes. Raised taxes, reduced benefits, raised ages, did all the tough things, but everybody was on board collectively, and so we all were touting our successes as a body and as a Nation instead of bad-mouthing them.
You mentioned, Mr. Secretary, what Ross Perot did to allow the 1993 Reconciliation Act, but as I remember that act, there was not one Republican vote for that on the House side, it was strictly a partisan bill.

I go back and look at the budgets that you were able to move through the House. Time and time again not a single Republican vote on the floor of the House.

We sometimes talk about the good old days as if they were really pretty good, and the fact is this partisanship has been going on a long time.

I value the three-step process, a budget where people can stake out a political vision, an authorizing process where perhaps I am going to overpromise because I don’t actually have to come up with the dollars, and an appropriations process that now the rubber meets the road. It lets some political steam off the pot.

In the name of process reform we have talked about reducing those steps. Chairman Obey recommended abolishing the Budget Committee in his opening comments. Tell me about how that lets—the potential for letting steam off the pot in a three-step process versus the burning of time that could be used more productively elsewhere.

Mr. OBEY. Well, I don’t see much to recommend the existing system. I mean, the problem you have, just look at Hal Rogers’ problem when he took over for me as chairman of the committee. And take a look at the transportation bill which he tried to bring to the floor.

I mean, that transportation bill contained the reductions that were necessary in order to meet the targets of the budget resolution or the assumptions of the budget resolution. And what happened to him? He got chewed up alive. I mean, because in my view the Budget Committee overreached.

It is easy to do that. If you come up with a bright idea, it is easy if somebody else has to implement it, because you can only squawk about the imperfections of the latter guy’s style that were to blame. That is not what the problem is.

In my view, the Budget Committee in recent years has overreached because they thought it was more possible—or it was possible to do more than, in fact, was possible.

I don’t like supercommittees because the whole idea of committees in the first place is to take the people who know the most about a subject and put them to work on it. And usually with supercommittees you have got people who, as I said earlier, they can fly at 30,000 feet, but they don’t have to then explain to granny in a nursing home why you are going to have your benefits shaved back this year.

So to me what is most important first is to understand. We need a sense of balance. Yes, we have a budget deficit, and that is a serious problem. We also have an infrastructure deficit. We also have an education deficit, if you want to talk about education.

I mean, the problem with the Bowles committee is that expectations around here before it was established, people would say, “Oh, domestic discretionary, they are not the problem. They have already been cut.” And then each time recommendations came up they cut further in domestic discretionary.
So I just don’t trust wise ones at the top who don’t have to implement whatever reductions you are talking about. To me, I don’t like the product that the Ways and Means Committee produced in this Congress, but at least they had a level of knowledge about it that is higher than a lot of people who would have been likely to be appointed to any commission to look at the same problems.

Representative WOODALL. Mr. Chairman, can I just ask, I know Mr. Obey is speaking with heart as an Article I servant. Could I just ask the Secretary whether or not he is giving us advice today on behalf of Article II or on behalf of Article I?

Where does your heart sit, Mr. Secretary, having served at both ends of Pennsylvania Avenue?

Mr. PANETTA. You know, my view is that Article I and Article II both have to work together in order to govern the country. And if the President of the United States thinks that he is going to be able to get this done without a partnership with the Congress and the ability to get it done, then he is wrong, it ain’t gonna happen. And if Congress thinks that somehow they can make this process work without the executive branch and working with him, I think that is also a mistake.

I think what is missing in particular with these last few years, I mean, look, with Republican administrations that I worked with at the time that I was here, we had a very strong working relationship. I worked very closely with Dick Darman when he was OMB Director. I worked very closely with Jim Baker when he was operating out of the White House. And they would come up and we would sit down and we worked through these issues.

And the ability to have that kind of partnership, the ability to have that kind of consultation is what makes our democracy run. And the inability to have that when you try to basically force your way through in a particular way, that is what undermines, I think, the effectiveness of our democracy.

So you can make this process work if there is trust. I mean, the biggest problem right now is there is a lack of trust between the branches and between Members and between the people and this institution. There is a lack of trust. And, very frankly, if you don’t have trust in our democracy it is not going to work.

And somehow we have got to find a way to restore that trust. And the way you do that is by talking to one another, talking with people in authority, respecting who they are, listening to them, and then trying to figure out a way for both of you to be able to get it done. That is the way our Forefathers designed it, and that is the way it is supposed to be.

Co-Chair WOMACK. Mr. Arrington.

Representative ARRINGTON. Thank you, Mr. Chairman and Madam Chairwoman.

I agree with Senator Perdue, our panelists have been outstanding. And the thought that reoccurs to me is with the wisdom and intellect and experience of all the folks that we have had come before this committee, if we can’t at a minimum improve the process we are in deeper trouble than I even thought as a new Member.

And by the way, Mr. Secretary, I really thoroughly enjoy working with your son Jimmy. He is one of those American first guys. He
is a dad first. He is a Panetta first. Way before you get to being a Democrat.

And I have to say as a new Member, I am encouraged with my cohorts who came to not just move the deck chairs around, but to fundamentally change the game up here for the American people.

And so with that, it seems to me that whether you are trying to do what Senator Perdue articulated as our sort of first goal and get predictability and certainty in getting a budget out and funding the government or you are trying to have budget outcomes that somehow improve the position fiscally of this country and chip away at the deficit and debt.

Either way, you have to acknowledge, as Chairman Obey mentioned earlier, that we don't have the political will collectively. I would like to think I do. I think everybody would like to raise their hand and say, "Well, I do." But collectively, we know that we don't. Republicans don't. Democrats don't.

So can we just start with that assumption, that we don't have the political will? And then and only then can you really get at solving both the process issue and the outcome issue. At least you have an opportunity to.

Now, I think you first have to acknowledge, and I agree with Chairman Obey, there are structural issues with campaign finance, gerrymandering, I hate it. We can all kick around ideas how to change that. I would actually think, because we haven't fixed gerrymandering, I am a term limit guy, as well.

There are lots of structural reforms to consider that I think would improve the behavior. I think most States, like the great State of Texas, work on a balanced budget because they have a forcing mechanism, the Balanced Budget Amendment to the Constitution.

Now absent that, we have to come up with what Senator Ernst suggested in her discussion with you, and that is a forcing mechanism. It is the only way to do it. Let's just acknowledge the nature of the beast is what it is.

I am trying to figure out how you can't be so squirrely in the process that whatever enforcement mechanism you put in place that you don't have some rule in the 11th hour where everybody can vote on it, nobody is accountable for it, the American people don't understand what happens, and we just keep on going down that path of destruction, sleepwalking, as they say, off this cliff.

I would go back to her question. And you said something, and I am hopeful, because you had at least—something resonated with you in the way of an enforcement. No budget, no pay, no budget, no recess, I don't know if those will work, I am willing to try all of them.

But no budget, no spend, no budget, no pass, no legislation, no spend, that has a fiscal impact. So you think that that might work. So we have got an issue, an item on the table for consideration. Would you expound on that?

Mr. PANETTA. Well, the way it operated was that in order for the authorizing committees to move spending legislation, in order for Appropriations to move their bills, there had to be a budget.

And what happened was that as the Budget Committee failed to pass budget resolutions, then they came up with this trigger me-
anism to basically assign levels to the Appropriations Committee to operate without a budget, and that bypassed the process.

I think it is important to stick to the basic discipline of the process, which is pass a budget, and pass it by a certain date. And if it doesn’t pass you are not going to move any legislation that has some kind of fiscal impact. And, frankly, appropriations committees ought not to move forward.

Now, I understand the politics, if you are suddenly stuck and you can’t do anything, then you find waivers, you find ways around it. I mean, that is the way we govern. But it really does require some degree of discipline. If you are going to establish any process, you have got to have the ability to try to stick to that discipline.

And, look, the biggest problem here is none of these decisions that we are talking about are easy, and there isn’t a process way to make them easy. They are very tough decisions.

And the problem right now is I think most people in this institution would like to be able to somehow move the process without pissing off people. It doesn’t work that way. You are going to have to offend people, with the decisions in the budget, with the decisions on discipline, you are going to have to do that. People don’t like to take political risk.

But I have never seen a leader in this institution—or, frankly, in the Presidency—I have never seen leader who has been able to lead and not take risks. And that is what you are going have to—that is probably the first principle that is going to have to apply here.

Representative ARRINGTON. Thank you, Mr. Chairman. I yield back.

Co-Chair WOMACK. I thank the gentleman.

Thank you, Secretary Panetta, Chairman Obey, for appearing before us today.

I want to advise members that they can submit written questions to be answered later in writing. They will be made part of the formal hearing. Any members wishing to submit questions or extraneous material may do so within 7 days.

Now, this concludes our fifth public hearing and fulfills the Bipartisan Budget Act statutory requirement for this select complete to conduct at least five such hearings by November 30. While our requirement has been fulfilled, I believe there is value in exploring topics for additional hearings in the future.

Looking back, I believe our hearings have been insightful. With each discussion I have been encouraged by the involvement and participation of our members and impressed by and grateful for the advice and testimony brought by the many outside witnesses, including the 25 of our colleagues who participated in Members Day.

I am happy to report that bipartisan, bicameral consensus is steadily growing with our group of 16. In fact, a number of our members have already submitted their reform ideas for improving the budget and appropriations process, and I am encouraging all members to submit any ideas in writing to the co-chairs.

While the statutory deadline for reporting our recommendations is the 30th of November, I have said from the beginning that the work drafting a proposal should begin sooner rather than later, and that time is now.
With that said, starting this month the co-chair and I will begin working informal working sessions. All members are welcome and encouraged to attend. I am hopeful all members will. The mission of this panel is too important not to succeed, and your ideas and feedback garnered through our months of collective work are essential to that goal. So our staffs will be in touch regarding the pending schedule of these informal meetings.

Once again to our witnesses this morning, Secretary Panetta, Chairman Obey, thank you so much for your insightful testimony here today.

And with that, this hearing stands adjourned.

[Whereupon, at 12:11 a.m., the committee was adjourned.]
Congressional Budget Office Briefing
Materials prepared for the
Joint Select Committee
A Timeline of the Budget Process

In statute, the Congressional budget process begins when the President submits the budget proposal. The President is required by law to submit a comprehensive federal budget no later than the first Monday in February (31 U.S.C. § 1501). The Congressional budget process provides for the annual adoption of a concurrent resolution on the budget, which serves as a framework for the consideration of budgetary legislation. The current Congressional budget timetable sets April 15 as a target date for completion of the annual budget resolution.

**First Monday in February**
- **President** submits budget proposal.
- Not later than 6 weeks after President submits budget, **Committees** submit views and estimates to Budget Committees.

**April 15**
- **Congress** completes action on the concurrent resolution on the budget.
- **Senate Budget Committee** reports concurrent resolution on the budget.

**May 15**
- Annual appropriation bills may be considered in **House**.

**June 10**
- **House Appropriations Committee** reports last annual appropriation bill.

**June 30**
- **House** completes action on annual appropriation bills.

**July**
- Midsession review.

**October 1**
- Fiscal year begins.

* Frequently, the House Budget Committee sets its own deadline, based on the Legislative Calendar.

* Concurrent resolutions are not signed by the President.
Trends in the Annual Budget Process

In practice, budget resolutions and other forms of final funding allocations have been agreed to late or not at all. While the appropriations process generally starts on time, final appropriations have consistently been enacted after the start of the fiscal year and often after the start of the calendar year.
Appropriations Have Been Late, and Are Getting Later

The intuition that the process is getting worse is confirmed by the tilt toward later appropriations.

[Diagram showing the Budget Process and Fiscal Year with dates from FY'02 to FY'18, and a trendline indicating a later appropriations pattern.]
The Budget Process Is Longer in Election Years

In election years, the delays in enacting final appropriations are more pronounced.
Allocation Agreements Are the Most Variable Step

In years when there has been a two-year agreement on top-line allocations, final appropriations have still been delayed. In the year following such agreements, even though allocations were already set, final appropriations were enacted even later.
Appropriation Bill Passage Is Clustered

All appropriation legislation tends to be enacted late, and fewer individual bills have been enacted over time, instead being incorporated into omnibus legislation.
MEMORANDUM

To: Joint Select Committee on Budget and Appropriations Process Reform
From: James V. Saturno, Specialist on Congress and the Legislative Process, jsaturno@crs.loc.gov, 7-2381
Subject: Background Materials Related to Certain Budget Process Reforms Intended to Promote More Timely Consideration of Regular Appropriations Measures

December 13, 2018

This memorandum is in response to your request to provide a document consolidating previously provided background and briefing materials related to budget process reforms intended to promote more timely consideration of regular appropriations measures. These materials have been provided by CRS for the use of the Joint Select Committee, including possible inclusion in congressional documents. Information provided in this memorandum may be of general interest to Congress and may be used in other CRS products, but the confidentiality of your request will be maintained.
Background Materials

Budget Process Reform

Congressional Goal: To Promote Timely Consideration of Appropriations

Historical Record – Patterns of appropriations timing

Possible Reforms (including variations and alternatives):

- Reforming the budget resolution
- Shifting the fiscal year
- Biennial budgeting
- Automatic continuing resolution
Historical Record – Patterns of appropriations timing in the House

The efficient operation of the congressional budget process is, in many ways, dependent on the timely enactment of budgetary legislation. Consideration of the myriad budget questions that Congress may face in a given year include concurrent resolutions on the budget, authorizations and direct spending measures, regular, supplemental, and continuing appropriations, public debt legislation, revenue measures, and reconciliation bills. These measures are often closely linked, so that delays in consideration of one can have an impact on several others. One consequence of this is that delays in the consideration of budgetary legislation, particularly final action on regular appropriations measures, has in turn been seen by many to have contributed to uncertainty and inefficient budget execution for federal agencies, a need for extended congressional sessions, and frustration among Members of Congress.

The data in the accompanying tables were selected to show the patterns of consideration and enactment for appropriations measures in recent decades.

- **Table 1** shows the number of days into a fiscal year before final action on regular appropriations, FY1977-FY2018. This date represents the date of enactment of the final regular appropriations bill, omnibus appropriations bill, or continuing resolution. Although it does not indicate how much budgetary legislation may have been passed before this date, it does serve as an indicator of the length of the budget season.

- **Table 2** shows the timing of regular appropriations bills reported from the House Appropriations Committee, FY1988-FY2018. This table indicates the beginning of appropriations consideration, and serves as an indicator of the extent to which the House Appropriations Committee has been successful at making regular appropriations bills available for floor consideration, and the degree to which committee action may or may not inhibit the ability of the House to consider regular appropriations in a timely manner.

- **Table 3** shows the timing of initial passage of regular appropriations bills by the House, FY1988-FY2018. In conjunction with Table 2, this table indicates the extent to which regular appropriations bills that are reported from committee are considered on the House floor.

- **Table 4** shows the number of regular appropriations bills that were passed in each chamber as well as the number that were subsequently enacted as part of omnibus appropriations measure or as separate measures, FY1986-FY2018. The data in this table is an indicator of the extent to which omnibus measures have either consolidated or supplanted separate enactment of appropriations measures.

Taken altogether, these tables provide a rough impression of how time has become a source of frustration for many Members of Congress, and why time is the key to understanding the context for the current desire for budget process reform. Some past reforms have been focused on institutional questions directly, such as presidential or executive branch responsibilities, congressional committee jurisdictions, or the form or type of questions that need to be
addressed. In the current context, then, one of the most salient questions for reformers involves whether institutional changes can make it possible for Congress to address budgetary questions in a more timely manner. The timing or form for enacting budgetary legislation, especially regular appropriations bills, however, is not just a budget process question. The timing of consideration of budgetary legislation, like other legislation, reflects a complex set of political considerations and agenda-setting choices, so changing institutional relationships might not yield the desired result.
Table 1. Number of days into a fiscal year before final action on regular appropriations, FY1977-FY2018

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Source: Final Calendars of the United States House of Representatives.

a All regular appropriations bills enacted by 10/1/1976, some programs funded in continuing resolutions through 4/30/1977.

b A continuing resolution including funding for DC through the end of the fiscal year enacted 12/9/1977, but this was subsequently superseded by a DC appropriations bill for FY1978 enacted 6/5/1978.
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<th>Number reported in July</th>
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**Source:** Final Calendars of the United States House of Representatives, Legislative Information System

Table 3. Timing of Initial Passage of Regular Appropriations Bills by the House, FY1988-2018*

<table>
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<tr>
<th>Congress/session</th>
<th>Fiscal year</th>
<th>Number passed before June 30</th>
<th>Number passed in July</th>
<th>Number passed after July 31</th>
<th>Number not passed separately</th>
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*In addition, HR 5055 failed of passage 5/26/16

The House considered and passed a consolidated appropriations measure consisting of 4 regular appropriations bills on July 27, 2017, and a consolidated appropriations measure consisting of the remaining 8 regular appropriations bills on September 14, 2017.

Source: Final Calendars of the United States House of Representatives.

<table>
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<th>Number Passed in the Senate</th>
<th>Number Enacted in Omnibus Measures</th>
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Source: Final Calendars of the United States House of Representatives.

* For FY1996-FY2005 there were 13 regular appropriations bills. For FY2006 and FY2007, there were 11 regular appropriations bills. Since FY2008 there have been 12 regular appropriations bills. In some cases, final disposition of one or more regular appropriations bills may be in the form of a continuing resolution lasting through the end of the fiscal year.

** For FY2003, during the Senate’s consideration of H.J.Res. 2 a continuing resolution, the Senate amended it to become an omnibus appropriations measure containing the text of 11 regular appropriations bills, thereby allowing consideration of all such regular appropriations to occur simultaneously. Differences were subsequently resolved through conference proceedings, and final passage of H.J.Res. 2 occurred through House and Senate adoption of the conference report on that measure. Each of these 11 bills is therefore counted as having been previously passed by the Senate.

*** For FY2012, during the Senate’s prior consideration of H.R. 2112 (the FY2012 Agriculture Appropriations bill), the texts of two additional appropriations bills (Commerce, Justice, Science and Transportation, Housing and Urban Development) were added as an amendment, thereby allowing consideration of these three regular appropriations to occur simultaneously. Differences were subsequently resolved through conference proceedings, and final passage of H.R. 2112 occurred through House and Senate adoption of the conference report on that measure. Each of these three bills is therefore counted as having been previously passed by the Senate.

**** The House considered H.R. 3219, a consolidated appropriations measure, titled “Make America Secure Appropriations Act” consisting of four regular appropriations measures (Defense, Legislative Branch, Military Construction-Veterans Affairs, and Energy and Water). The House later considered H.R. 3354, a consolidated appropriations measure combining all 12 House regular appropriations acts. Each of these bills is therefore counted as having been previously passed by the House.
Reform of the Budget Resolution

Prior to the Congressional Budget Act (CBA) of 1974 (Titles I-IX of P.L. 93-344), Congress did not adopt an overall budget plan, but instead separately considered debt limit, revenue, mandatory spending, and discretionary appropriations legislation with no coordination and no assessment of the current impact of prior year actions. There was no formal mechanism in place to develop, consider, and approve a comprehensive congressional budget plan. The 1974 CBA established the annual concurrent resolution on the budget as the centerpiece of the congressional budget process. The budget resolution sets forth aggregate spending and revenue levels, and spending levels by major functional area, for at least 5 fiscal years (the upcoming budget year and four additional out-years). Because the budget resolution is in the legislative form of a concurrent resolution, it is not presented to the President for his signature, and thus does not become law. Instead, if adopted with the same language by both the House and Senate, it constitutes an agreement between the House and Senate on a congressional budget plan, providing a framework for subsequent legislative action on budgetary legislation during a session of Congress. In recent years, however, Congress has often not adopted a budget resolution, instead relying on a variety of authorities to serve in its place for enforcement purposes. (See CRS Report R44296, Deeming Resolutions: Budget Enforcement in the Absence of a Budget Resolution, by Megan S. Lynch.) This ad hoc approach has prompted a number of proposals intended to make the budget resolution, once again, a vehicle for Congress to coordinate and control the myriad pieces of budgetary legislation that it must consider each year.

Proposals to reform the budget resolution have typically focused on two chief elements, either separately or in tandem: 1) converting the concurrent resolution into a joint resolution that would be signed into law, and 2) focusing the content of the budget resolution on aggregates in order to limit debate on non-binding details and budgetary levels for future years.

Involving the President

Converting the budget resolution to a joint resolution would require the President to sign the measure, and is primarily intended to involve the President in early agreement on budget aggregates with the expectation that it will then promote the timely consideration of budgetary legislation.

Proponents of a joint budget resolution point to the apparent success of past budget summits, where congressional leaders and the President have negotiated agreements on overall budgetary levels in advance of separate legislation to implement those plans. In recent years this has included the Bipartisan Budget Acts of 2013 (P.L. 113-67), of 2015 (P.L. 114-74), and 2018 (P.L. 115-123), all of which included agreements with respect to statutory discretionary spending caps. By institutionalizing a process whereby spending levels would be addressed in a statute, they argue that it would facilitate greater early involvement of the President and foster cooperation between the two branches, leading to less conflict when spending and tax legislation implementing budget resolution policies are finalized later in the session. By using a
lawmaking vehicle it would also be possible to establish statutory spending caps that would be enforceable by sequestration, rather than relying on procedural enforcement as with the current process and 302 allocations.

Opponents argue that agreement on broad budget policies, however, would not prevent disagreements from arising over details in subsequent legislation implementing those policies. Thus, they contend that transforming the concurrent budget resolution into a joint resolution would not necessarily result in more timely enactment of budgetary legislation, as intended by its supporters. Critics also claim that a joint budget resolution would result in a cession of power to the President. They argue that, by providing the President an opportunity to veto the budget resolution, Congress would be giving up its ability to formulate and adopt an overall budget plan independently, as the President does with his annual budget submission.

**Simplifying the Budget Resolution**

Proposals about simplifying the budget resolution are intended to eliminate aspects of the budget resolution and its consideration that many regard as, at best, redundant, and at worst an unnecessary source of friction. These would limit the content of the budget resolution to revenue level and budget authority and outlay amounts for spending categories (i.e., defense discretionary, nondefense discretionary, and direct spending), rather than for the 20 functional categories now used. In addition, these proposals may limit the period covered by revenue and spending categories to the five fiscal years required in the Budget Act, rather than the extended period of 10 years typical of more recent budget resolutions. These goals would be achieved by amending the Budget Act to limit the content of the budget resolutions and enforced by making a budget resolution that included additional provisions ineligible for consideration in the Senate under the expedited procedures in the Budget Act.

Those in favor of such reforms argue that the core functions of the budget resolution have been eroded through the current focus of non-binding details (such as functional category levels, especially over an extended time period) and contingencies (such as reserve funds). A budget resolution refocused on aggregates could better serve as a vehicle for determining the size of the budget and coordinating congressional consideration of subsequent budgetary legislation. Opponents counter this by pointing out that details are implied by any aggregates and underlie their validity, and are thus an inherent part of the process. For example, program assumptions in the committee report accompanying the budget resolution and enforceable allocations to committees would still need to be based on specifics.

**Variations**

Although converting the budget resolution to a joint resolution is intended to promote early budgetary decision making, there are no guarantees that this will be the result. As a consequence, some proposals also include a fallback procedure to allow consideration of a concurrent resolution on the budget in the event that a joint resolution cannot be enacted into law. In some instances this is limited to cases in which the President vetoes the joint resolution,
in others it may also be used if there is delay or deadlock between the President and Congress during budget negotiations.

One possible variation would hark back to the experiment with a legislative budget as provided in the Legislative Reorganization Act of 1946 that was tried in the 80th Congress (1947-1948). Under that provision, rather than have Budget Committees in each chamber, a concurrent resolution on the budget was introduced in both chambers based on the recommendations of a joint committee comprising the members of the House and Senate Appropriations Committees, the House Ways and Means Committee, and the Senate Finance Committee. Variations on this idea have been proposed from time to time, including replacing the Budget Committees with either a joint or chamber-based leadership committee(s) consisting of the chairs and ranking members of each committee.
Reform of the Fiscal Year

Stimulated in part by concern over late enactment of regular appropriations, and a resulting reliance on continuing resolutions, some Members of Congress have supported the idea of shifting the start of the fiscal year to January 1 to coincide with the calendar year, rather than the current October 1 to September 30 cycle. According to proponents, such a change would give Congress the additional time necessary to complete annual appropriations action prior to the start of the new fiscal year, thereby eliminating or limiting the use of continuing resolutions, improving management of federal programs by agencies, and providing state and local governments more predictable lead time for adequate budgetary planning and more effective use of federal funds.

Similar concerns were raised in the late 1960s and early 1970s. A 1971 report of the Joint Committee on Congressional Operations, concluded that given the complexity of the budgetary process, on balance, the evidence developed during their hearings and supplementary research did not support a recommendation to change the federal fiscal year. Because of continuing interest, however, the fiscal year was later shifted from a July 1 to June 30 cycle to the current October 1 to September 30 cycle in title V of the Congressional Budget Act of 1974. It should be noted that one of the chief arguments of proponents at that time concerned delays in the enactment of authorizing legislation which produced bottlenecks and delays for the consideration of appropriations. As a consequence, the timetable for budget process action in the Budget Act also originally included a cutoff date of May 15 for reporting authorizations. In current practice, this concern rarely applies. Instead, the divergence between when appropriations bills are reported from committee and when (or if) they get considered on the floor is a more salient contributor to difficulty in completing action before the start of the fiscal year.

Proponents focus on the potential for proposals to shift the fiscal year to give Congress more time for program review and budget decisions. Under the current cycle, Congress has about eight months, from the date of the President's budget submission the first week in February to October 1, for completing action on appropriations. When appropriations enactments are delayed past this date, Congress provides interim funding through continuing resolutions. Operating under a continuing resolution, especially for extended periods, may have adverse consequences for program planning and management, and create uncertainties for all levels of government (including States and localities) that budget for receipt and use of federal funds. They suggest that the current congressional calendar regularly includes Congress remaining in session for the entire calendar year, including a post-election "lame duck" session at the end of the second year of a Congress. (Although there were only nine lame duck sessions between the 80th Congress and the 105th Congress, each Congress since then has included a post-election session. For more, see CRS Report R45154 Lame Duck Sessions of Congress, 1935-2016 (74th-114th Congresses) by Jane A. Hudiburg.) As a consequence, they argue, Congress should make use of that time.
Proponents also suggest that because most states operate on a July 1 to June 30 cycle, if appropriations action were completed by January 1, it could give them additional lead time in which to plan for the use of federal funds, and annual grants could be timed to go into effect at the beginning of the next state or local fiscal year. Opponents counter this argument by suggesting that, to be effective for purposes of planning by states and localities, a calendar year budget cycle would need to not only be completed by January 1, but also include a significant change in the period of availability of appropriations through multiyear appropriations or forward funding and advance appropriations. (For current practices, see CRS Report R43482 Advance Appropriations, Forward Funding, and Advance Funding: Concepts, Practice, and Budget Process Considerations, by Jessica Tollestrup.)

Opponents of shifting the fiscal year also suggest that a January 1 start to the fiscal year would make it impossible for the President to adhere to the current requirement to submit a budget proposal by the first week in February and include end of year data. If the date for the President’s budget submission were simply shifted as well, the additional time provided for congressional consideration of appropriations could either prove illusory or the President’s budget could effectively become disengaged from congressional consideration if it were submitted significantly after. They also argue that negotiations concerning appropriations are largely deadline driven; that shifting the end of the fiscal year will shift the timing of negotiations, but not enable them to conclude more easily.
Biennial Budgeting

The process of formulating, enacting, and executing the federal budget is characteristically annual, which has been seen to have both drawbacks and benefits for Congress. On the one hand, annual review of spending legislation can afford Congress the opportunity to maximize its influence concerning the operation of various programs and policies. On the other hand, annual action on budgetary matters consumes a significant amount of Congress’s time, resulting in a desire by some Members to reduce the number or frequency of budget measures that need to be considered. One possible reform that has been proposed to accomplish this is to change the budget cycle from one year to two.

Benefits and Criticisms

Advocates of biennial budgeting believe that reducing the number of times that Congress has to consider budget questions will likewise reduce the amount of time consumed by the process. Supporters project that the benefits of a 2-year cycle would include more time for Congress to conduct agency and program oversight, and more time for budget planning within Congress, as well as better long-range planning by federal agencies and by state and local governments. Proposals to convert the federal budget process to a 2-year cycle are also favored by those who believe that a 2-year cycle provides greater flexibility with regard to deadlines. Without the pressure to enact budgetary legislation every year, there could be more time available for making decisions within the budget cycle, and more efficient coordination of budgetary decisions. This, they assert, would result in fewer delays and more timely enactment of necessary legislation. Supporters also point to the multiyear nature of the summit agreements between Congress and the President that have been a prominent part of the budget process in recent decades. These include not just the Bipartisan Budget Acts of 2013, 2015, and 2018, but extend back to the Reagan Administration. They argue that these are evidence of the efficacy of multiyear budgeting, and a key for promoting more efficient consideration of budgetary legislation.

Critics of biennial budgeting have countered by arguing that some of the projected benefits in terms of time for deliberations on budgetary legislation could prove to be illusory. Reducing the number of times that Congress considers budget matters, they suggest, may only raise the stakes, and thereby heighten the possibility for conflict and increased delay. In addition, changes such as enacting a budget resolution and spending legislation every other year could be effective in reducing congressional workload or aiding longer-term planning only in the second year of the cycle. Projecting revenues and expenditures for a two-year cycle would require agencies to project their needs as much as 30 months in advance, rather than the 18 months necessary under an annual budget cycle. With a limited ability to anticipate future conditions or policy changes, critics also argue that longer-term requests by agencies could require Congress to choose between allowing the President greater latitude for making budgetary adjustments, or engaging in midcycle corrections to a degree that could nullify any anticipated time savings or planning advantages. Furthermore, they argue that annual review of administration
appropriations requests is an important aspect of oversight that would be lost under a biennial budget, with no guarantee that a separate session devoted to program oversight would be effective. Finally, they argue that Congress should be cautious when considering such a drastic change to a system that has served for over two centuries.

Variations and Alternatives

Because budgeting for the federal government encompasses a number of processes, biennial budgeting can have several meanings. Biennial budgeting can involve 2-year budget resolutions, 2-year appropriations, and multiyear authorizations. In addition, biennial budget proposals typically require that executive branch planning and performance reviews be revised so that they be based on a 2-year cycle.

Multiyear Authorizations

Many biennial budgeting proposals require that all authorizations be enacted for periods longer than a single fiscal year. Although there is no rule establishing a required form or duration for authorizations, under current practice most are already enacted for multiyear periods (the chief exception being the Department of Defense). Within the context of most biennial budgeting proposals, however, a requirement for multiyear authorizations would generally mean establishing a “budget year” and a separate “authorization/oversight year” for each Congress. This proposed division could provide greater opportunities for the consideration of authorizations or other non-appropriations legislation. It could also augment the separation of authorizations and appropriations currently embodied in House and Senate rules, and enhance the perceived difference between authorizations and appropriations that some Members feel has been weakened in recent decades.

Two-Year Budget Resolutions

Since the enactment of the Congressional Budget Act in 1974, the budget process has centered around the concurrent resolution on the budget, which sets aggregate budget policies and functional priorities for Congress. The budget resolution is used to coordinate the various budgetary actions that are to be taken over the course of a session of Congress. Proposals to convert the budget process to a two-year cycle likewise typically involve a process centered around a two-year budget resolution.

Presidential-congressional budget summits have demonstrated that establishing a multiyear framework for the budget can help promote timely consideration of budgetary legislation. Notably, the 1987 agreement between Congress and the Reagan Administration, the 1990 agreement with the George H. W. Bush Administration, the 1993 and 1997 agreements with the Clinton Administration, the Budget Control Act of 2011, and the Bipartisan Budget Acts of 2013, 2015, and 2018 have all been built to include future years, often accompanied by statutory budget control mechanisms. Subsequent budget resolutions, and budget implementing legislation, have generally adhered to these agreements. By institutionalizing this arrangement,
advocates of biennial budgeting seek to duplicate its perceived success. Achieving these agreements, however, has typically required an extended period of negotiations. Even the benefits expected to accrue in the form of more timely enactments of subsequent budgetary legislation have not always been the result, such as in FY2015 (the second fiscal year covered under the Bipartisan Budget Act of 2013) when no regular appropriations bills were considered in the Senate or enacted separately (Homeland Security was funded under a CR until March 4, 2015 when it was superseded by P.L. 114-4).

Two-Year Appropriations

The third aspect of biennial budgeting proposals is a two-year cycle for appropriations. Most proposals would require all regular appropriations measures to be considered in the first year of each Congress, with only emergency and other supplemental appropriations needs in the second. In at least one instance, a modified form of this proposal has contemplated the consideration of an annual defense appropriation measure with half of the remaining regular appropriations measures enacted as two-year appropriations in each of the two years of a Congress. Alternately, some proposals in the past opted for a timetable that would simply stretch out the current one so that while the appropriations process would begin in the first session of a Congress, the fiscal biennium would not begin until October 1 of the second year. This would give Congress and the President a period of 20 months, rather than the current eight months, to negotiate appropriations details.

The duration of appropriations has also varied under previous biennial appropriations proposals. In some cases, funds are available for obligation for a two-year fiscal period, but in others, funds are provided for two one-year periods.

Notably, in 1993, both the Senate and House members of the Joint Committee on the Organization of Congress included proposals for a two-year budget cycle in their recommendations to their respective chambers. In the Senate, these recommendations were subsequently referred to the Committee on Rules and Administration and reported the following year. In contrast to the comprehensive approach to biennial budgeting recommended by the Joint Committee, the bill as reported included two-year budget resolutions and multiyear authorizations, but not two-year appropriations.

An alternative to biennial appropriations might be based on a premise similar to that of the modified biennial appropriations approach mentioned above. If the assumption is correct that fewer appropriations bills each year would result in more timely enactment of those remaining, similar results might be achieved through a structural change to combine or reorganize existing regular appropriations bills (and subcommittees) to reduce their number from the current set of 12.
Reform of Continuing Resolutions

Delays in the consideration and enactment of regular appropriations have been seen as a source of chronic difficulties in the budget process. When delays prevent the enactment of regular appropriations before the start of the fiscal year (October 1), Congress and the President typically enact interim funding in the form of continuing resolutions (CRs). Because CRs typically provide funding at a rate of operations, rather than a definite amount, and typically stipulate that funds may be used only for the purposes provided in the previous fiscal year, budget execution may be viewed problematic for affected agencies. Operating under a CR may have adverse consequences for program planning and management, and create uncertainties for all levels of government (including states and localities) that budget for receipt and use of federal funds. (For a discussion, see CRS Report RL34700, Interim Continuing Resolutions (CRs): Potential Impacts on Agency Operation, by Clinton T. Brass.)

Continuing Resolutions versus Regular Appropriations

One concern, therefore, has been the agency budgeting disruptions that result from an increasing reliance on CRs to fund a significant portion of federal government activities. The trends in recent years have resulted in CRs of longer duration and greater coverage. At the beginning of FY2018, for example, none of the regular appropriations bills had been enacted into law. The first CR lasted through December 8, the second through December 22, and the third through January 19. In the absence of agreement on legislation that would further extend the period of these CRs, a funding gap began at midnight on January 19, ending with enactment of a fourth CR on January 22, lasting through February 28. A final CR lasted through March 23, and all 12 regular appropriations bills were combined and signed into law on March 23.

This current pattern of usage has not always been the case, however. In the past, continuing resolutions were typically accompanied by efforts to enact regular appropriations separately, and successive CRs would consequently cover a reduced proportion of the federal government. For example,

- **At the beginning of FY1990**, one regular appropriations bill had been enacted into law.
  The first CR lasted through October 25, by which time one additional appropriations bill had become law. The second CR lasted through November 15, by which time three additional bills had become law. The third CR lasted through November 20, and the remaining seven regular appropriations bills were signed into law separately on November 21.

- **At the beginning of FY2000**, four regular appropriations bills had been enacted into law.
  The first CR lasted through October 21, by which time two additional appropriations bills had become law. The second CR lasted until October 29, by which time two additional appropriations bills were enacted. A series of five additional CRs lasted until December 2, but the remaining five regular appropriations bills were combined as an omnibus measure and signed into law on November 29.
At the beginning of FY2010, none of the regular appropriations bills had been enacted into law. The first CR lasted through October 31, by which time five regular appropriations bills had become law. A second CR lasted until December 18, with six of the remaining regular appropriations combined as an omnibus measure signed into law on December 16, and the Defense Appropriations Act signed into law separately on December 19.

One way to address many of the budgeting issues commonly experienced by agencies operating under a CR is the timely enactment of regular appropriations bills. Changes that would improve the incentives for the House and Senate to consider regular appropriations would likely have the effect of reducing reliance on CRs. The timing and form of enactment of regular appropriations bills, however, reflects a complex set of political considerations and agenda-setting choices, and may not be easily remedied by direct changes in the rules of either chamber.

**Automatic Continuing Resolutions**

Another concern that is often raised is that if neither the regular appropriation for an agency nor a continuing resolution is enacted, funding will lapse for that agency. Such a lapse, or funding gap, will result in a shutdown of the affected agency. One widely discussed reform would be to provide for the automatic continuation of appropriations at the start of a fiscal year in the absence of an agency's regular appropriation, in order to avert funding gaps and shutdowns.

Proponents argue that a shutdown of the federal government is a disproportionate consequence of delays in enacting regular appropriations. They suggest that it would be better to provide for the automatic continuation of current appropriations, allowing the appropriations process to proceed in an orderly, if not exactly timely, fashion. Without the threat of a government shutdown, Congress and the President would be able to enact regular appropriations without a crisis atmosphere. They also point to the costs of a federal government shutdown. These costs include not only the direct costs to the government of a shutdown, but also pay for federal workers during the period of the shutdown, which has been customary even though work is not performed. It also includes less direct cost, such as the costs to beneficiaries of federal programs whose benefits might be delayed, and private sector entities whose business with the government is disrupted.

Opponents of an automatic continuing resolution suggest that an automatic funding mechanism would actually create a strong disincentive for lawmakers to reach an agreement on new appropriations. They assert that, while a government shutdown is an undesirable outcome, the threat of a shutdown provides all sides with an incentive to reach agreement. Therefore, by eliminating the threat of a shutdown, an automatic continuing resolution could undercut that incentive, and budget agreements might be more difficult to achieve. Furthermore, by providing a guarantee for a level of funding in the absence of new legislation, an automatic continuing resolution could provide an advantage in negotiations to those who are opposed to the proposed new level of spending, and thus, an incentive not to reach agreement. In such a
situation, the level provided for by the automatic continuing resolution would be a critical issue. Funding under various proposals for an automatic continuing resolution has been tied to the level of the previous fiscal year (or the previous fiscal year’s level adjusted for inflation); a set percentage of the level of the previous fiscal year (such as 95% or 98%); the House- (or Senate-) passed level; or even the level recommended in the President’s budget. A level of 98% or 100% of the previous year’s funding level could be seen by some as providing adequate funding, leaving little incentive to negotiate. Proposals to use the President’s proposal as the fallback level could provide little incentive for the President to negotiate the level of appropriations. This, opponents argue, would undermine Congress’s constitutional responsibility to wield the power of the purse since it negates its ability to exercise deliberate choice in making appropriations.

An alternative approach to avoiding funding gaps

One reason why advocates say an automatic continuing resolution would be possible solution is that it would already be in place and thus avoid the possible need to secure a supermajority of 60 Senators to invoke cloture in order to avert a shutdown. One alternative would be to establish an expedited procedure to allow the Senate to consider a continuing resolution of limited duration (such as three days or less) that follows a prescribed (clean) form. The expedited procedure would make such a short-term CR privileged and establish a time limit for its consideration. The Senate would still be able to consider continuing appropriations for longer periods or various funding conditions or anomalies under regular order, but would potentially have to achieve enough of a consensus to invoke cloture to do so. This would allow the Senate majority to be able to pass a CR (and avoid a shutdown) with just a majority vote, but not be able to use such a CR to achieve other purposes. A minority of Senators would not be able to shut down the government, but its negotiating position on longer-term CRs or regular appropriations would be preserved. A series of such short-term CRs could be used to fund the government for an extended period, but at the cost of having to renew that vote every few days. This would leave the Senate with continuing incentive to keep working to develop the consensus necessary to enact a longer-term CR or complete action on regular appropriations.
H.R. 7191
IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 29, 2018

Mr. WO Mack (for himself and Mr. YARMUTH) introduced the following bill; which was referred to the Committee on the Budget, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

A BILL

To implement reforms to the budget and appropriations process in the House of Representatives.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Bipartisan Budget and Appropriations Reform Act of 2018”.

15TH CONGRESS
2D Session

H. R. 7191

To implement reforms to the budget and appropriations process in the House of Representatives.
(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—BIENNIAL BUDGET RESOLUTIONS

Sec. 101. Purposes.
Sec. 102. Definitions.
Sec. 103. Revision of timetable.
Sec. 104. Biennial concurrent resolutions on the budget.
Sec. 105. Committee allocations.
Sec. 106. Revision of biennial budget.
Sec. 107. Additional amendments to the Congressional Budget Act of 1974 to effectuate biennial budgeting.
Sec. 108. Reconciliation process.
Sec. 109. Amendments to the Rules of the House of Representatives to effectuate biennial budgeting.
Sec. 110. Membership of the Committee on the Budget.
Sec. 111. Rulemaking authority.
Sec. 112. Effective date.

TITLE II—OTHER MATTERS

Sec. 201. Views and estimates of committees.
Sec. 202. Annual supplemental budget submission by the President.
Sec. 203. Hearing on the fiscal state of the Nation.

TITLE I—BIENNIAL BUDGET RESOLUTIONS

SEC. 101. PURPOSES.

Paragraph (2) of section 2 of the Congressional Budget and Impoundment Control Act of 1974 is amended to read as follows:
“(2) to facilitate the determination biennially of
the appropriate level of Federal revenues and ex-
penditures by the Congress;”.

SEC. 102. DEFINITIONS.

Section 3 of the Congressional Budget and Impound-
ment Control Act of 1974 (2 U.S.C. 622) is amended—
(1) in paragraph (4), by striking “for a fiscal
year” each place it appears and inserting “for a bi-
ennium”; and
(2) by adding at the end the following new
paragraphs:

“(12) The term ‘direct spending’ has the mean-
ing given to such term in section 250(c)(8) of the
Balanced Budget and Emergency Deficit Control

“(13) The term ‘biennium’ means any period of
2 consecutive fiscal years beginning with an even-
numbered fiscal year.

“(14) The term ‘budget year’ has the meaning
given that term in section 250(c)(12) of the Bal-
anced Budget and Emergency Control Act of 1985.”.

SEC. 103. REVISION OF TIMETABLE.

Section 300 of the Congressional Budget Act of 1974 (2 U.S.C. 631) is amended to read as follows:

“TIMETABLE

“Sec. 300. The timetable with respect to the congressional budget process for any Congress is as follows:

“First Session

<table>
<thead>
<tr>
<th>On or before:</th>
<th>Action to be completed:</th>
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<tbody>
<tr>
<td>First Monday in February</td>
<td>President submits budget.</td>
</tr>
<tr>
<td>February 15</td>
<td>Congressional Budget Office submits report to Budget Committees.</td>
</tr>
<tr>
<td>March 1</td>
<td>Committees submit views and estimates to Budget Committees.</td>
</tr>
<tr>
<td>April 1</td>
<td>Senate Budget Committee reports biennial budget.</td>
</tr>
<tr>
<td>May 1</td>
<td>Congress completes action on the biennial budget.</td>
</tr>
<tr>
<td>May 15</td>
<td>Appropriation bills may be considered in the House of Representatives.</td>
</tr>
<tr>
<td>June 10</td>
<td>House Appropriations Committee reports last annual appropriation bill.</td>
</tr>
<tr>
<td>October 1</td>
<td>First fiscal year of the biennium begins.</td>
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“Second Session

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<th>On or before:</th>
<th>Action to be completed:</th>
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<tbody>
<tr>
<td>First Monday in February</td>
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</tr>
<tr>
<td>October 1</td>
<td>Second fiscal year of the biennium begins.”.</td>
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SEC. 104. BIENNIAL CONCURRENT RESOLUTIONS ON THE

BUDGET.

(a) CONTENTS OF RESOLUTION.—

(1) IN GENERAL.—Section 301(a) of the Con-
gressional Budget Act of 1974 (2 U.S.C. 632(a)) is
amended—

(A) by striking “On or before April 15”
and all that follows through “the following:”
and inserting the following: “On or before May
1 of each odd-numbered calendar year, the Con-
gress shall complete action on a concurrent res-
olution on the budget for the biennium begin-
ing on October 1 of that calendar year. The
concurrent resolution shall set forth appropriate
levels for each fiscal year in the biennium and
for at least each fiscal year in the next 2
bienniums for the following—”;

(B) in paragraph (6)—

(i) by striking “for the fiscal year”
and inserting “for each fiscal year in the
biennium”; and
(ii) by striking “and” at the end;

(C) in paragraph (7)—

(i) by striking “for the fiscal year” and inserting “for each fiscal year in the biennium”; and

(ii) by striking the period at the end and inserting “; and”;

(D) by adding after paragraph (7) the following:

“(8) subtotals of new budget authority and outlays for nondefense discretionary spending; defense discretionary spending; direct spending; and net interest.”; and

(E) by adding at the end of the matter following paragraph (8) (as added by subparagraph (D)) the following: “The concurrent resolution on the budget for a biennium shall include procedures for adjusting spending and revenue levels, committee allocations, and other amounts in the resolution during the second session of a Congress to reflect an updated
baseline that will be used for scoring purposes.”.

(b) ADDITIONAL MATTERS IN CONCURRENT RESOLUTION.—Section 301(b) of the Congressional Budget Act of 1974 (2 U.S.C. 632(b)) is amended—

(1) in paragraph (3), by striking “for such fiscal year” and inserting “for either fiscal year in such biennium”;

(2) in paragraph (8), by striking “and” at the end;

(3) in paragraph (9), by striking the period at the end and inserting “; and”;

(4) by adding at the end the following:

“(10) include total combined outlays and revenues for tax expenditures.”.

(e) HEARINGS AND REPORT.—Section 301(e)(1) of the Congressional Budget Act of 1974 (2 U.S.C. 632(e)) is amended by striking “fiscal year” and inserting “biennium”.

(d) GOALS FOR REDUCING UNEMPLOYMENT.—Section 301(f) of the Congressional Budget Act of 1974 (2
U.S.C. 632(f)) is amended by striking “fiscal year” each place it appears and inserting “biennium”.

(e) ECONOMIC ASSUMPTIONS.—Section 301(g)(1) of the Congressional Budget Act of 1974 (2 U.S.C. 632(g)(1)) is amended by striking “for a fiscal year” and inserting “for a biennium”.

(f) SECTION HEADING.—The section heading of section 301 of the Congressional Budget Act of 1974 (2 U.S.C. 632) is amended by striking “ANNUAL ADOPTION OF” and inserting “ADOPTION OF BIENNIAL”.

SEC. 105. COMMITTEE ALLOCATIONS.

Section 302 of the Congressional Budget Act of 1974 (2 U.S.C. 633) is amended—

(1) in subsection (a)(1)—

(A) by striking “for that period of fiscal years” and inserting “for all fiscal years covered by the resolution”; and

(B) by striking “only for the fiscal year of that resolution” and inserting “only for each fiscal year of the biennium”; 

(2) in subsection (e)—
(A) by striking “subsection (a)” and inserting “subsection (a)(1)”;

(B) by striking “for a fiscal year” and inserting “for a budget year”; and

(C) by striking “for that fiscal year” and inserting “for that budget year”;

(3) in subsection (f)(1)—

(A) by striking “for a fiscal year”; and

(B) by striking “the first fiscal year” and inserting “either fiscal year of the biennium of that resolution”; and

(4) in subsection (f)(2)(A), by—

(A) striking “the first fiscal year” and inserting “either fiscal year of the biennium of that resolution”; and

(B) striking “the total of fiscal years” and inserting “the total of all fiscal years covered by the resolution”.

SEC. 106. REVISION OF BIENNIAL BUDGET.

Section 304 of the Congressional Budget Act of 1974 (2 U.S.C. 635) is amended to read as follows:
“PERMISSIBLE REVISIONS OF CONCURRENT
RESOLUTIONS ON THE BUDGET

“Sec. 304. At any time after the concurrent resolution on the budget has been agreed to pursuant to section 301 and before the end of the biennium, the two Houses may adopt a concurrent resolution that revises or reaffirms the most recently agreed to concurrent resolution on the budget. Any concurrent resolution that revises or reaffirms the most recently agreed to concurrent resolution on the budget shall be considered under the procedures set forth in section 305.”.

SEC. 107. ADDITIONAL AMENDMENTS TO THE CONGRESSIONAL BUDGET ACT OF 1974 TO EFFECTUATE BIENNIAL BUDGETING.

(a) ENFORCEMENT OF SECTION 303.—Section 303 of the Congressional Budget Act of 1974 (2 U.S.C. 634) is amended—

(1) in subsection (a)—

(A) by striking “for a fiscal year” and inserting “for a biennium”; and
(B) by striking “the first fiscal year covered by that resolution” and inserting “either fiscal year of that biennium”; 

(2) in subsection (b)(1)(B), by striking “the fiscal year” and inserting “the biennium”; and 

(3) in subsection (c)— 

(A) in paragraph (1)— 

(i) by striking “for a fiscal year” and inserting “for a biennium”; and 

(ii) by striking “for that year” each place it appears and inserting “for each year of that biennium”; and 

(B) in paragraph (2), by striking “after the year the allocation referred to in that paragraph is made” and inserting “after the years the allocations referred to in that paragraph are made”. 

(b) Section 305.—Subsections (a)(3) and (b)(3) of section 305 of the Congressional Budget Act of 1974 (2 U.S.C. 636) are amended by striking “for a fiscal year”.

(e) Section 311 Point of Order.—
(1) In the House of Representatives.—

Section 311(a)(1) of the Congressional Budget Act of 1974 (2 U.S.C. 642(a)) is amended—

(A) by striking “for a fiscal year”;

(B) by striking “the first fiscal year” each place it appears and inserting “either of the first two fiscal years covered by such resolution”; and

(C) by striking “that first fiscal year” and inserting “either of the first two fiscal years”.

(2) In the Senate.—Section 311(a)(2) of the Congressional Budget Act of 1974 (2 U.S.C. 642(a)(2)) is amended—

(A) in subparagraph (A), by striking “for the first fiscal year” and inserting “for either of the first two fiscal years”; and

(B) in subparagraph (B)—

(i) by striking “that first fiscal year” the first place it appears and inserting “either of the first two fiscal years”; and
(ii) by striking “that first fiscal year and the ensuing fiscal years” and inserting “all fiscal years”.

(3) SOCIAL SECURITY LEVELS.—Section 311(a)(3) of the Congressional Budget Act of 1974 (2 U.S.C. 642(a)(2)) is amended by—

(A) striking “for the first fiscal year” and inserting “for either of the first two fiscal years”; and

(B) striking “that fiscal year and the ensuing fiscal years” and inserting “all fiscal years”.

SEC. 108. RECONCILIATION PROCESS.

Section 310(a) of the Congressional Budget Act of 1974 (2 U.S.C. 641(a)) is amended—

(1) in the matter before paragraph (1), by striking “A concurrent” and all that follows through “shall” and inserting “A concurrent resolution on the budget for a biennium shall, for each fiscal year of the biennium”;
(2) in paragraph (1)(A), by striking “for such fiscal year” and inserting “for each fiscal year of the biennium”; 

(3) in paragraph (1)(C), by striking “such fiscal year” and inserting “each fiscal year of the biennium”; and 

(4) in paragraph (1)(D), by striking “such fiscal year” and inserting “each fiscal year of the biennium”.

SEC. 109. AMENDMENTS TO THE RULES OF THE HOUSE OF REPRESENTATIVES TO EFFECTUATE BIENNIAL BUDGETING.

(a) Clause 4(a)(4) of rule X of the Rules of the House of Representatives is amended by striking “any allocations” and inserting “its allocations for the budget year” and by striking “fiscal year” and inserting “biennium”.

(b) Clause 4(b)(2) of rule X of the Rules of the House of Representatives is amended by striking “for each fiscal year”.

(c) Clause 4(b) of rule X is amended by striking “and” at the end of subparagraph (5), by striking the pe-
period and inserting “; and” at the end of subparagraph (6), and by adding at the end the following new subparagraph:

“(7) use the second session of each Congress to study issues with long-term budgetary and economic implications.”.

(d) Clause 4(f) of rule X is amended—

(1) by striking “fiscal year” the first place it appears and inserting “biennium”; 

(2) by striking “that fiscal year” and inserting “each fiscal year in such ensuing biennium”; and

(3) in subparagraph (1) by striking “six weeks after the submission of the budget by the President” and inserting “March 1”.

(e) Clause 3(d)(1)(A) of rule XIII is amended by striking “five” both places it appears and inserting “six”.

SEC. 110. MEMBERSHIP OF THE COMMITTEE ON THE BUDGET.

(a) Clause 5(a)(2) of rule X of the Rules of the House of Representatives is amended—

(1) by striking subdivisions (B) and (C); and
(2) in subdivision (A), by striking “(A)” and by redesignating items (i), (ii), and (iii) as subdivisions (A), (B), and (C), respectively.

(b) The amendment made by subsection (a) shall take effect immediately before noon, January 3, 2019.

SEC. 111. RULEMAKING AUTHORITY.

Sections 109 and 110 are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives, and as such they shall be considered as part of the rules of the House and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of the House to change such rules at any time, in the same manner, and to the same extent as in the case of any other rule of the House.

SEC. 112. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect immediately before noon January 3, 2019.
TITLE II—OTHER MATTERS

SEC. 201. VIEWS AND ESTIMATES OF COMMITTEES.

Section 301(d) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 632(d)) is amended to read as follows:

“(d) VIEWS AND ESTIMATES OF OTHER COMMITTEES.—

“(1) IN GENERAL.—Not later than March 1 of the first session of a Congress, or upon the request of the Committee on the Budget of the House of Representatives or the Senate, each committee of the House of Representatives and the Senate having legislative jurisdiction shall submit to its respective Committee on the Budget its views and estimates (as determined by the committee making such submission) with respect to the following:

“(A) Any legislation to be considered during that Congress that is a priority for the committee.

“(B) Any legislation within the jurisdiction of the committee that would establish, amend,
or reauthorize any Federal program and likely have a significant budgetary impact.

“(2) ADDITIONAL MATTERS.—Any committee of the House of Representatives or the Senate and any joint committee of the Congress may submit to the appropriate Committees on the Budget its views and estimates with respect to all matters set forth in subsections (a) and (b) which relate to matters within its jurisdiction.

“(3) JOINT ECONOMIC COMMITTEE.—The Joint Economic Committee shall submit to the Committees on the Budget of both Houses its recommendations as to the fiscal policy appropriate to the goals of the Employment Act of 1946.”.

SEC. 202. ANNUAL SUPPLEMENTAL BUDGET SUBMISSION BY THE PRESIDENT.

Section 1106 of title 31, United States Code, is amended by adding at the end the following:

“(d) On or before December 1 of each calendar year, the President shall submit to Congress an administrative budget for the fiscal year beginning in the ensuing cal-
endar year, which shall include up-to-date estimates for current year and prior year data and credit reestimates for the current year (as included in the Federal credit supplement of such budget).”.

SEC. 203. HEARING ON THE FISCAL STATE OF THE NATION.

(a) IN GENERAL.—Not later than 45 days (excluding Saturdays, Sundays, and holidays) after the date on which the Secretary of the Treasury submits to Congress the audited financial statement required under paragraph (1) of section 331(e) of title 31, United States Code, on a date agreed upon by the chairs of the Committees on the Budget of the House of Representatives and the Senate and the Comptroller General of the United States, the chairs shall conduct a hearing to receive a presentation from the Comptroller General reviewing the findings of the audit required under paragraph (2) of such section and providing, with respect to the information included by the Secretary in the report accompanying such audited financial statement, an analysis of the financial position and condition of the Federal Government, including financial measures (such as the net operating cost, income, budget
deficits, or budget surpluses) and sustainability measures
(such as the long-term fiscal projection or social insurance
projection) described in such report.

(b) EFFECTIVE DATE.—The requirement under sub-
section (a) shall apply with respect to any audited finan-
cial statement submitted on or after the date of the enact-
ment of this Act.
Press Release Accompanying the Introduction of H.R. 7191
House Budget Committee Chairman, Ranking Member Introduce Bipartisan Budget Reform Legislation

WASHINGTON – House Budget Committee Chairman Steve Womack (AR-3) and House Budget Committee Ranking Member John Yarmuth (KY-3) today introduced H.R. 7191, the Bipartisan Budget and Appropriations Process Reform Act of 2018. The bill serves as an important vehicle to consider the final package of bipartisan recommendations voted on by the Joint Select Committee on Budget and Appropriations Process Reform which, despite the hard work of members from both parties, failed to advance out of committee.

Chairman Womack: "The most important role given to Congress under the Constitution is the power of the purse, yet we regularly and repeatedly cede our responsibility to fulfill this essential duty. In fact, we are on the precipice of doing so again. In eight short days, the Federal Government is facing a partial shutdown, and Congress is at a standstill on a funding agreement. Clearly our budget process is broken. While this legislation is not a silver bullet, it includes the proven bipartisan reforms developed by the Joint Select Committee and begins to takes steps necessary to improve the federal funding process. I am proud to introduce it with Mr. Yarmuth, a true process reform leader."
Ranking Member Yarmuth: “I voted to report the Joint Select Committee’s bill because it represents a serious effort to work across party lines and improve the budget process in Congress. Although we were not able to get it across the finish line in committee, I’m proud to sponsor legislation with Congressman Womack that includes many of the bipartisan reforms the committee worked on collaboratively. It does not replace the heavy-lifting we must do to address our nation’s long-term fiscal challenges, but I hope we can build on this effort to address the needs of the American people in the new Congress.”

The bill contains the Joint Select Committee’s bipartisan recommendations relevant to the House of Representatives, including:

- **Biennial Budget Resolutions**: Establishes a biennial budget process by requiring budget resolutions to cover at least two years, or a biennium, while maintaining annual appropriations. Specifically, the budget resolution would provide two years of allocations to the Committees on Appropriations, which would then provide topline discretionary spending levels for each fiscal year of a biennium.

- **Annual Reconciliation**: Preserves annual reconciliation under a biennial budget process.

- **Congressional Budget Completion Date**: Amends the *Congressional Budget and Impoundment Control Act of 1974* to require Congress to complete action on the concurrent resolution on or before May 1 of each odd-numbered year.

- **Annual Supplemental Budget Submission**: Requires the Executive Branch to submit an Annual Supplemental Budget, which includes prior and current year fiscal data and credit re-estimates for the current year, separate from the President’s policy proposals no later than December 1 of each calendar year to allow for additional time to develop the Congressional Budget Office’s baseline, Congress’s budget resolution, and various appropriations bills.
- **House Budget Committee Membership**: Recommends the repeal of required term limits for service on the House Budget Committee beginning in the 116th Congress.

- **Fiscal State of the Nation**: Requires the Budget Committees of the House and Senate to hold a biennial, joint hearing with testimony from the Comptroller General of the United States regarding the audited financial statement of the Executive Branch.

- **Tax Expenditures**: Includes tax expenditures as an optional item in the budget resolution to provide greater transparency in the federal budget.

The final text of the bill can be found [here](#).

*Congressman Steve Womack (AR-3) has represented Arkansas's Third Congressional District since 2011. He serves as the Chairman of the House Committee on the Budget and is a member of the House Appropriations defense, military construction-veterans affairs, and labor-health and human services subcommittees.*

*Congressman John Yarmuth (KY-3) has represented Kentucky's Third Congressional District since 2007. He serves as the Ranking Member of the House Committee on the Budget.*

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