Fulfilling the Budget Resolution and Enhancing Budget Enforcement

Written Testimony of G. William Hoagland[1]

Committee on the Budget, U.S. House of Representatives

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Chairman Price, Ranking Member Van Hollen and members of the Committee, thank you for the opportunity to appear before the Committee.

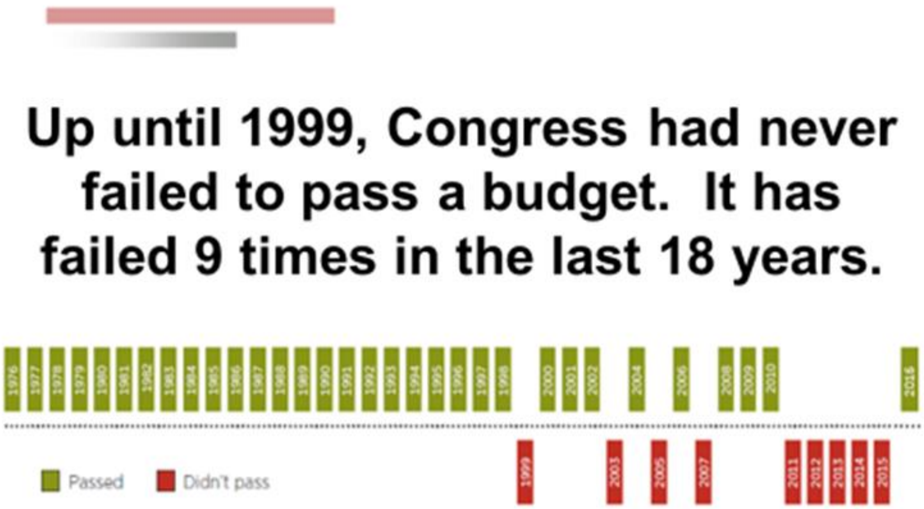
At the outset let me reiterate what so many others have stated before this Committee over the years — that no process changes will make your decisions any easier. Budgeting is governing and governing is challenging. But I do truly believe if political leaders want to find agreement on a federal budget resolution, one that is enforceable and addresses the fiscal challenges confronting this country, it is possible.

However, I have also come to the conclusion that changes to the current budget process will be necessary if you are to achieve that goal. 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. I must admit with some remorse that as one who participated in numerous budget process and scorekeeping discussions, I may have added to that complexity, for which I apologize.

To the purpose of this hearing – fulfilling the budget resolution and enforcing the final product. It goes without saying that to fulfill the goals of a budget resolution, a budget resolution agreement must first be adopted. Unfortunately, for the last 19 years Congress has failed to achieve that basic requirement, including ten times this year alone.

It is also true that over this same time period only once has Congress completed all appropriation bills on time. That was in 1997. So even when a budget resolution has been adopted, there is no assurance that the appropriation process will be completed on time.

[1] 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.



Almost a year ago the Bipartisan Policy Center, working with two of my former bosses, Senator Pete Domenici and Dr. Alice Rivlin, issued a brief paper entitled "Proposal for Improving the Congressional Budget Process." I request, Mr. Chairman, that a copy of that paper be submitted along with my written testimony.

The Domenici-Rivlin report emphasized three simple themes:

- 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.

I want to focus on the third theme – buy-in of the President and leadership — and how that might achieve your goal of accomplishing the policies set forth in a budget resolution.

When I look back over my staff career here in the Congress devoted to the budget process, I am most proud of the fact that working with Senators and Representatives from both political parties, only once did we fail to achieve a conference agreement on a budget resolution. I feel some trepidation before this Committee, and particularly with my friend and your staff director Rick May listening, to say that that one time was FY 1999. The then-Chairman of the Budget Committee, John Kasich, produced a blueprint that my Chairman, Senator Domenici, felt was a "bridge too far" and unnecessary given the previous contentious budget years that had led to enacting the 1997

Balanced Budget Agreement. Fully implemented, it contributed to four years of balanced federal budgets, from 1998 to 2001.

But the lesson of that experience was not unique. Beginning with Budget Committee negotiations surrounding the Balanced Budget and Emergency Deficit Control Act of 1985 (aka Gramm-Rudman-Hollings), budget resolutions were fully implemented because they had buy-in from both the administration and leadership in Congress. Adjustments to that Act in 1987 and 1988 were negotiated with Secretary of State James Baker and White House Chief of Staff Howard Baker. The infamous 1990 Andrews Air Force Summit involved the Budget Committees' chairmen and ranking members, bipartisan congressional leadership, White House Chief of Staff John Sununu and OMB Director Dick Darman. Even the 1993 budget resolution involved President Clinton and congressional leaders' input. And as I previously mentioned, the 1997 budget resolution and agreement was fully negotiated with extensive White House participation.

Unfortunately, over the last several years, my sense is that budget resolutions have become simple extensions of a political party's platform agenda or an individual's campaign promises, with "gotcha" votes having no substantive impact on the final actual spending or revenue decision. In order to make the budget resolution meaningful and implementable, we must move from the party platform mentality to a governing platform. This does not mean elected officials must give up their strongly felt political positions, but it does mean that if budget resolutions are to once again actually impact final spending and revenues, changes need to be made.

A couple of thoughts on what those changes might be.

First, I understand and concur with the concerns of many Budget Committee members who feel marginalized because they are only brought into the decision-making process, if at all, at the end of the year rather than at the beginning. Their "left-out" feelings are the direct result of not having an agreed-to conference on the fiscal plan of the country at the beginning of the year. Restoring the Committee's rightful legislative role at the beginning of the process is essential. Of course, having an agreement between the House and Senate at the beginning of the year does not guarantee that the President will sign the legislation that emanates from the congressional resolution at the end of the year.

Not having the early involvement of the executive branch in the congressional branch's budget deliberations has led some to recommend that the budget resolution should be converted into a joint resolution signed by the President. I have some concerns about converting the entire budget resolution into a law. After all, this is the *congressional* budget process, not the executive's budget process. But I do see some merit in having the President and the executive branch included as more active and direct participants in deliberations about the congressional budget.

One alternative to converting the entire resolution into law would be to convert portions of the resolution into law. This could be accomplished by building on agreements recently negotiated with the White House to set specific appropriation spending caps, and reversing the order so that the budget committees and the two chambers agree on a set of parameters up front, not at the end.

I would envision this working as follows: Legislation would be enacted that specifies the exact language of the mini-joint resolution (a template, if you like), and 13 specific numbers that usually appear in Title I of the resolution as recommended levels and amounts. These 13 numbers would be automatically placed in the template and enrolled as a joint resolution that is deemed to have passed, and sent to the President for signature or veto. It would not be subject to amendment or further action.

Those 13 recommended amounts would be: (1) discretionary spending for defense and non-defense for the current year (CY) and the budget year (FY); (2) mandatory spending caps for social security, Medicare and Medicaid, also for the CY and the FY; (3) revenue estimates CY and FY; and (4) statutory debt limit for the FY. While the concurrent resolution would continue to present numbers for the required five years or more, the enrolled mini-joint resolution would be limited to the current year and the budget year.

The executive branch would now have a reason to be directly involved in the budget resolution negotiations. Indeed, one could further specify that if the President did not submit an executive budget by the statutory deadline, there would be no opportunity for a spin-off of the mini-joint resolution.

Upon the President's signature, the Congress would have officially set in law the major fiscal parameters for the current year and the budget year. If enacted, the aggregate numbers would be enforceable as under current law for appropriations (e.g., sequesters). For the selected major entitlement programs, similar sequester mechanisms would be in place if Congress failed to enact legislation to meet the agreed-to targets. For revenues, failure to reach the specified revenue ceiling through legislation would require an automatic increase in across-the-board rates sufficient to achieve the resolution's estimate.

If signed by the President, regular order would require the committees of jurisdiction to be in compliance with the mini-joint resolution by enacting substantive law, or in the absence, programs would confront automatic sequester procedures.

This approach would directly involve the executive branch up front and early in the process, while enhancing the role of the budget committees in setting and enforcing the outcome. Obviously, if the President were to veto the mini-joint resolution and the veto is not overridden, the underlying concurrent budget resolution would remain in effect.

Mr. Chairman and members of the Committee, I have sketched out one proposal that I am sure can be improved. But if the goals are to make the Committee and the budget resolution relevant to the actual decision-making process, and to engage the executive branch at the beginning of the process rather than at the end, then I believe this proposal might help achieve that goal.