

Issue Brief

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In the Wake of the Latest Cap-Busting Budget Deal, Senator Enzi Restarts the Discussion on Budget Reform

Introduction

The problems with the current budget process are legion. The timetables established in the Congressional Budget Act of 1974 are rarely met, resulting in government shutdowns, omnibus budget bills, and, with the exception of a handful of years, annual deficit spending.

The abomination known as the Bipartisan Budget Act of 2019 is the latest illustration of how bad the budgeting process is in Congress. One of its many serious flaws is that it eliminated the remaining two years of caps on discretionary spending set in place by the Budget Control Act of 2011 (BCA) without plotting a new way forward on budget discipline. In its pursuit of higher spending for favored programs, Congress has a bad habit of continually evading restraints and ignoring the federal government's massive debt levels.

Key Facts:



Senator Enzi laid out ideas to fix the budget process which is in serious need of reform. Timetables are not met leading to government shutdowns, omnibus spending bills, and growing levels of deficit spending.



One of the most important component of Enzi's outline addresses shortcomings at the Congressional Budget Office with reforms to make the baseline more realistic, improve its scorekeeping, and bolster transparency of the data it uses.



The plan would also switch to a biennial budget with fiscal targets and strengthened enforcement to help Congress adhere to them.

In an attempt to stoke a serious discussion of reform options, Senator Mike Enzi (R-WY), Chairman of the Senate Budget Committee (SBC), released a [Discussion Draft](#) with a series of proposals to reboot the budget process. The goal is to move the ball forward on fixing a process that fails to work as intended.

Improving the CBO

One of the most important areas of reform included in Enzi's Draft addresses shortcomings at the Congressional Budget Office (CBO), the agency responsible for scoring legislation and producing the baseline. The outline takes several important steps to help improve scorekeeping:

- CBO would be required to provide up-to-date tabulations on the budgetary impact of legislation made publicly available in the Congressional Record and online.
- The baseline, the yardstick used to measure the impact of legislative proposals, would be modified to exclude irregular funding that “circumvents budget controls” such as the Overseas Contingency Operations slush-fund and emergency spending.
- The draft would also move towards construction of a “current policy baseline,” which projects spending based not on the strict letter of the law but on the most likely course for policy, including expirations. CBO would also be required to incorporate appropriated funding into its baseline at the most recently enacted levels.
- To provide for consistency in scorekeeping, a single baseline would be constructed, instead of the current system where CBO releases a baseline in January with an update produced in the spring. It is important to ensure that lawmakers have a consistent baseline used for scoring the impact of bills, but it may be prudent to request a revised baseline in the wake of enactment of major legislation.
- While CBO has initiated steps to [improve its transparency](#), the Discussion Draft would make this process mandatory by requiring CBO to report on the accuracy of its economic and budgetary projections. It would also have CBO report annual plans outlining current and future transparency initiatives and require CBO to make available more of the underlying data used in its estimates. Similar legislation, the [CBO Show Your Work Act](#), has been introduced by Senator Mike Lee (R- UT).
- The Discussion Draft would require CBO to include supplementary information in its legislative estimates to report the impact on interest costs of the federal debt. Senator Steve Daines (R-MT) has introduced a [bill](#) to require interest estimates from the CBO and the Joint Committee on Taxation.
- Currently CBO is not required to produce public cost estimates for appropriations bills. These reports would help shed light on gimmicks used to boost spending, such as worthless offsets known as “changes in mandatory programs”, and advanced appropriations.
- CBO sometimes has difficulty getting information about federal agency transactions and contracts that are necessary for determining accurate cost estimates. The Draft would attempt to facilitate the sharing of that information by “limiting liability for executive branch employees for properly providing the data and other information to CBO required by law” If the information is not shared, the agency head would be required to explain why.

There are many additional worthwhile reforms to consider regarding CBO, but one to highlight would be to require that it provides data on its level of confidence in major projections. CBO reported confidence intervals in its recent long-term budget outlook, noting that there “is about a two-thirds chance that federal debt would be between 71 percent and 175 percent of GDP in 2039.” Increasing the use of this tool to gauge accuracy would help inform discussions of the budgetary impact of legislation.

Biennial Budgeting

To help forestall recurring problems, the Discussion Draft suggests a significant structural reform: a switch to a biennial budget process.

Over the last few years, Congress has essentially been moving in this direction already. The Budget Control Act of 2011 set spending caps through 2021. Congress has subsequently rolled these back by passing a series of two-year deals to increase the caps. Since the discretionary levels were set, appropriations have been passed with use of the budget resolution to guide the process.

To help focus lawmakers on the elephant in the room, the Discussion Draft would have the budget resolution set a fiscal target of a debt to GDP ratio. Currently, publicly-held debt is equal to 78 percent of GDP, and without a course correction, is on track to rise to 144 percent by 2049. When accounting for gaps in CBO’s methodology, the budget picture looks much [worse](#).

This fiscal target would be backed up by a new reconciliation process. Reconciliation allows for expedited consideration of changes to mandatory spending, revenues, and the federal debt limit. Currently, to proceed with reconciliation, the House and Senate must agree to a budget resolution with instructions to congressional committees specifying changes in the budget categories under their jurisdiction. This would be left in place. A special reconciliation, available in year two of the biennium, would be triggered if the CBO reports that the debt target established in the resolution are exceeded. Unlike the regular reconciliation, this special process would only be available for deficit reduction.

Enhancing the Role of Committees in Crafting Budgets

The Discussion Draft also underscores the key role that committees ought to play in crafting and adhering to a budget. The SBC would be renamed the Fiscal Control Committee, emphasizing its planning, scorekeeping, and enforcement responsibilities. It would also require other legislative committees take steps to address unauthorized spending programs, as well as programs within their jurisdiction that have been identified as problematic by either the Government Accountability Office or an Inspector General. In addition, the SBC would be expanded to add the current Chairs and Ranking Members of the Appropriations and Finance Committees as ex officio non-voting members to “increase the input from the primary spending and taxing committees in developing fiscal plans.” This increased participation in the larger budgetary picture might offer leaders better perspective on the overspending problem driving America’s debt.

Accountability would be bolstered by a proposed reform allowing for “surgical” points of order targeting small parts of a measure that violates budget rules, rather than being applied to the entire piece. Senators would also no longer be able to make a single motion to waive all points of order against a measure. Each would have to be considered in turn.

Emergency Spending Loophole?

Even under the BCA, members found ways to skirt the caps by creating automatic adjustments for expenditures on fire suppression, through the so-called “Cures Act” providing billions in additional health funding, and emergency response spending. As the discussion develops, policymakers will have to grapple with ways to prevent abuse of designating funds as emergency spending. Emergency appropriations are

often enacted without including offsets elsewhere in the budget. One option to address this would be to pair such increases with a separate vote to increase the debt limit to account for the increases in deficits above the fiscal targets.

Conclusion

It is important to remember that Enzi's Draft is intended to spark discussion and work to build bipartisan consensus around reforms. None of these options would be a magic elixir for balancing the budget but they could help improve how Congress goes about working on the nation's budget, and in turn could help ease the burdens being piled on the backs of future taxpayers.

About the Author

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