

Issue Brief

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Senators Enzi and Whitehouse Plot a Path on Budget Process Reform

Improving CBO is a Key Part of Enzi-Whitehouse Budget Process Reform

December in D.C. means that it is the season of CRs: the series of continuing resolutions passed by Congress to keep the government funded, often for just a few weeks at a time. These short-term extensions are meant to give lawmakers time to try to finalize funding levels for the new fiscal year which already commenced back on October 1. Sadly, enacting these short term CRs has become an annual ritual for too many years now as the budget process has gradually broken down.

Even worse than the failure to pass a budget on time, repeatedly risking government shutdowns, is the utter abandonment of fiscal discipline. Even though tax revenues are [flowing in at a record amount](#), the government spends at a far higher rate, and annual deficits are on track to exceed one trillion dollars per year.

Thankfully, a bipartisan bill seeks to break these bad budgetary habits. Senate Budget Committee Chairman Mike Enzi (R-WY)

Key Facts:



A bipartisan bill to reform the budget process would also bring important changes to the CBO, the agency responsible for producing the yearly budget baseline and cost estimates for policy proposals.



The bill would also streamline the process for making the baseline at the beginning of the fiscal year, an important reform given the increased workload demands on CBO.



Additional reforms would codify transparency efforts already undertaken by CBO (such as producing reports on sources of errors in estimates) and improving the production of the baseline for budgetary enforcement purposes.

and Ranking Member Sheldon Whitehouse (D-RI) introduced [S. 2765](#), the Bipartisan Congressional Budget Reform Act (BCBRA) of 2019. Notably, this is the first major bipartisan budget reform package approved by the Committee in nearly 30 years.

As NTU's Policy and Government Affairs Associate Andrew Lautz [summarized](#), the BCBRA would move toward a biennial budget process with the topline figures set in a two-year resolution. It would also require that the budget resolution establish a debt-to-GDP target and the Congressional Budget Office (CBO) would report on whether the targets have been met. If not, a special reconciliation process would be triggered.

The package would also implement additional important reforms related to CBO, the federal agency at the center of many policy and budget debates, in order to boost transparency and improve its scorekeeping process to ensure that lawmakers have access to budget data that is as accurate as possible.

Simplifying the Production of the Baseline

Currently, CBO produces a budget baseline in January that projects outlays and revenues over the next decade based on current law. The White House's Office of Management and Budget (OMB) generally releases the administration's budget request in March. OMB's documents also detail the latest available data on current spending levels across thousands of federal agencies and programs. CBO then uses that data to update its baseline and issues a new report in early spring.

The BCBRA would simplify this process. The timeline would be shifted so that the administration submits its budget at the beginning of December, and CBO would then only have to produce a single baseline in February rather than two early in the year.

In addition to simplifying the process, this change would save significant time and resources at CBO. [Producing the baseline projection](#) involves the majority of the agency's staff in each of its [eight divisions](#). The initial baseline takes nearly two months to complete as CBO's analysts build the budget outlook "from the bottom up" by gathering and analyzing data in the nearly 3,000 subaccounts used to construct the projection. Each update takes three to four weeks to complete and the analysis, writing, and production of the reports requires about a month of time.

Finding reasonable ways to ease CBO's workload is important given the increased demands that have been placed on the agency over the past several years. For example, CBO produced [947 cost estimates](#) in 2018, and the agency notes that as legislation has become more complex, its staffers are [spending more time](#) "providing preliminary analyses and technical assistance during the drafting stage."

CBO's workload has also expanded due to increased transparency and outreach efforts. Members of Congress have pushed for more accountability for the agency and have requested more information regarding how estimates are determined. CBO has implemented measures independently to boost [transparency](#), for example by producing a [series of reports about how the agency operates](#), including the methods it undertakes in the course of producing the baseline and subsequent cost estimates, and [accounting for sources of errors in its projections](#).

Streamlining production of the baseline would free up the agency substantially, giving them the ability to perform analyses that are currently done sporadically or not at all due to time constraints. This could include more regular production of a realistic policy baseline (or "alternate fiscal scenario," in CBO parlance) to reflect the impact of expirations and other features of current law that are unlikely to go into effect. It might also allow the agency to analyze more legislation, potentially including more

program integrity bills or proposals from back-bench Members of Congress. These steps could help better inform Congress about the fiscal picture our nation faces, but CBO is unable to take them simply due to time and resource constraints.

Improving the Baseline for Budgetary Enforcement

In addition to illustrating the trajectory of revenues, spending, and debt, the baseline serves as the benchmark for scoring the budgetary impact of legislation. Congress can then determine whether scored legislation should be subject to budgetary enforcement rules and procedures.

The BCBRA would implement reforms to tighten fiscal enforcement by ensuring that discretionary appropriations designated as emergency spending, provided for overseas contingency operations, or which are otherwise excluded from Congressional enforcement shall not be assumed to continue in future years of the baseline.

The policy to “back out” emergency and similar kinds of spending from the baseline in future years would help address one of the biggest budget gimmicks used to inflate spending and reduce Congressional oversight and accountability. This prevents the baseline from locking in higher levels of spending that are not subject to enforcement and brings problematic spending back into the regular appropriations process.

Accounting for Debt Interest in Cost Estimates

Currently, when CBO examines comprehensive budgetary proposals such as the President’s request for the next fiscal year or the Budget Control Act of 2011, it will provide estimates for debt service costs associated with the plan. However, it does not produce these figures in estimates of proposals whose [budgetary scope](#) is narrower. The Enzi-Whitehouse plan would require CBO to include the effects on debt interest payments as supplemental information in its legislative cost estimates. While this would entail some additional burdens on CBO to estimate, they tend to be relatively straightforward calculations, and other elements of the Enzi-Whitehouse plan (like consolidation to a single baseline) should free up sufficient resources for the agency to incorporate them without too much difficulty. As the Committee for a Responsible Federal Budget [recommended](#), Congress should go one step further and include these impacts for budgetary enforcement purposes under PAYGO rules.

Budget Transparency and Oversight

Early each year, CBO produces a report of programs whose authorizations of appropriations have expired or are soon to expire. The FY 2019 [report](#) identified 971 lapsed authorizations totaling \$307 billion – [23 percent of discretionary outlays, which is up from 10 percent in the early 1990s](#). As deficits continues to swell, the rise in unauthorized spending further underscores concerns that Congress is not adequately fulfilling its oversight responsibilities pursuant to its constitutionally-prescribed power of the purse.

Enzi-Whitehouse would require Congressional committees to report their plans for considering the unauthorized programs under their jurisdiction. It also requires the committees to detail “their plans for improved government performance based on their review of relevant Inspector General and Government Accountability Office reports and recommendations.” As NTUF [wrote](#) recently, there is no shortage of official information regarding the performance of federal programs, and while continuing to bolster transparency is important (especially to improve the accuracy and consistency of the data reported by agencies), eliminating wasteful programs from the budget will require concrete action from lawmakers.

This reform will help to focus the committees' attention to their oversight duties. An even stronger version might require committees to detail a specific plan to ensure that 100 percent of spending under its jurisdiction will be authorized by a certain date.

CBO Transparency

As noted above, CBO has taken many steps to improve transparency, including producing reports reviewing the accuracy of its projections and providing more data underlying its estimates. The impetus was to respond to demands from lawmakers for more accountability, including a series of important committee hearings in the House and Senate delving into CBO operations. Enzi-Whitehouse would formalize the transparency efforts that CBO has undertaken by [requiring regular reports](#) to Congress to “help ensure that CBO continues to prioritize transparency, without jeopardizing the important, non-partisan analysis it provides.”

Conclusion

A key element in any successful budget process reform plan will be revamping and bolstering the Congressional Budget Office, as the agency is tasked with performing fiscal analysis for Congress. The Enzi-Whitehouse reform plan sets a new path forward that is sorely needed to restore sanity and accountability to the budget process.

About the Author

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