

ISSUE BRIEF

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Joint Select Committee on Budget and Appropriations Process Reform: Pursues Biennial Budgeting, Neglects Reforms

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For about two decades, Congress has not consistently produced budgets or completed the annual spending process on time. Even though fiscal year (FY) 2019 began on October 1, the federal government is currently operating without congressional passage of a FY 2019 budget resolution, and many agencies are operating under a “continuing resolution.”

Bipartisan frustrations with the current budget process led to the creation of a Joint Select Committee on Budget and Appropriations Process Reform (JSC) as part of the Bipartisan Budget Act of 2018.¹

Ensuring that Congress follows the steps of the budget process is important, but the JSC’s proposed Bipartisan Budget and Appropriations Reform Act of 2018 falls short of achieving that goal. Even if this legislation did motivate Congress to operate under regular order, that alone is not enough to correct the nation’s unsustainable budget path.

The key challenge the federal budget faces today is the out-of-control growth of auto-pilot mandatory programs, which are leading to excessive and economically harmful debt levels. The current budget resolution process is inadequate for addressing current drivers of debt. It makes addressing mandatory programs optional and makes some, such as Social Security reform, very difficult to achieve.

The goal of the JSC process should have also been to implement strong fiscal controls to reform the mandatory programs that are increasing spending, and to reverse the federal government’s harmful debt trajectory.

The JSC takes one step back with its proposal to shift to biennial budgeting while neglecting important budget process reforms that could improve that nation’s fiscal situation.

As the United States federal government is hurtling toward an accumulated debt of \$22 trillion,² and annual deficits exceeding \$1 trillion per year are becoming the norm rather than the exception, it is imperative that legislators restore the budget process in the pursuit of fiscal responsibility.³

Committee and Legislation

The JSC is comprised of eight Members each from the House and Senate, divided equally between the parties. Its mandate is to produce legislation by November 30, 2018. The legislation, along with all amendments, requires majority support from both parties to be approved by the committee.

The JSC’s draft legislation was made public on November 14, and the JSC held an initial markup with amendments the following day. With Members prioritizing a short work week over completing their task, consideration of remaining amendments and the bill as a whole was postponed until November 27.

Regrettably, the language in the legislative draft was wholly inadequate.⁴ The core concept is “biennial budgeting,” which would reduce congressional responsibility from doing budgets every year to only every other year. The years during which Congress would not produce a budget would (not coincidentally) be the election years.

This paper, in its entirety, can be found at <http://report.heritage.org/ib4922>

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A shift to biennial budgets would serve to further cede the legislative branch's power of the purse, increase incentives for lobbying, and likely increase the number and size of supplemental spending measures.⁵ Meanwhile, concepts that could have significant positive impacts, such as setting fiscal targets, phasing out unauthorized spending, and improving accuracy and transparency in budgetary accounting, are sorely missing.

Proposed Amendments to the Bipartisan Budget and Appropriations and Reform Act

Though the overarching proposal produced by the JSC falls short on meaningful reforms, the amendment process is an opportunity to improve and strengthen the final proposal.

Important amendments that have been approved, rejected, or remain pending are:⁶

- **Amendment clarifying the annual reconciliation process**, sponsored by Senator Roy Blunt (R-MO) and Senator Sheldon Whitehouse (D-RI): The JSC bill did not address how reconciliation legislation would be considered under a biennial budget. This amendment clarifies that different reconciliation instructions can be provided for each applicable year of the budget resolution. **(Adopted 16-0)**

Reconciliation is one of the most powerful tools available to Congress to produce legislation that can be used to reduce the annual deficit. By fast-tracking legislation and allowing passage with a simple majority, reconciliation makes it easier to implement reforms. Therefore, the goal of budget resolutions should be to address growing debt, and reconciliation legislation for that purpose should be implemented each year.⁷

- **Amendment to mandate that every budget resolution contains reconciliation instructions**, sponsored by Senator James Lankford (R-OK): Under current law, a budget is the only means to unlock the reconciliation process, however there is no requirement that a budget resolution include reconciliation instructions.⁸ **(Rejected 8-7)**

Every congressional budget resolution should address the drivers of debt, and Congress should use every reconciliation opportunity to act on legislation that decreases mandatory spending.

- **Amendment to establish a permanent Bipartisan Deficit Reduction Committee**, sponsored by Representative Pete Sessions (R-TX): According to the Congressional Budget Office estimates, if current laws are left unchanged, the national debt could exceed 150 percent of gross domestic product (GDP) by 2048.⁹ Representative Sessions' amendment would have created a permanent committee tasked with reducing the deficit through legislation to meet debt-to-GDP targets as set by the budget. **(Rejected 8-8)**

A permanent committee on deficit reduction may be an important institution helping to focus Congress on issues that drive future debt accumulation. In fact, the budget committees are supposed to serve this purpose. However, other mechanisms, such as fiscal targets and a legislative process focused on meeting them, may be more important to achieving a sustainable budget path.

- **Phasing out Changes in Mandatory Programs (CHIMPs)**, sponsored by Senator Lankford: The Lankford amendment creates points of order in the House and Senate on appropriations that contain CHIMPs. The amendment limits CHIMPs to \$15 billion in 2020, and phases out the use of CHIMPs entirely by 2028. **(Pending)**

CHIMPs are the largest and most-used budget gimmick during the appropriations process. With few and minor exceptions, CHIMPs create the appearance of savings in the current budget year, but have no measurable outlay savings over the long term. These phantom savings are then used as a way to increase unrelated discretionary spending.¹⁰ In 2018, CHIMPs cost taxpayers nearly \$18 billion.¹¹ Congress should eliminate CHIMPs because they undermine fiscal responsibility and accountability.

- **Amendments mandating that the Senate meet budget and appropriations milestones**, sponsored by Senator David Perdue (R-GA) and Senator Joni Ernst (R-IA): Both Perdue and Ernst have introduced similar "no budget/no vacation" amendments. These amendments set milestones that the Senate must meet in the budget and appropriations process. If a milestone is not met, the Senate would be forced to stay in session until that step is completed. **(Pending)**

One of the reasons for the current dysfunctional state of the budget and appropriations process is that there are only weak enforcement measures for keeping the process moving smoothly. Forcing Senators to stay in session until they do their job could provide an incentive to compel Congress to take the budget process more seriously.¹² However, budget outcomes are more important than simply passing bills on time.¹³ It is unclear whether this amendment would improve the fiscal results of the process.

Senator Perdue's amendment also includes a provision to align the fiscal year with the calendar year. Much like biennial budgeting, there is little evidence that moving to a calendar year would improve the budget process.¹⁴

- **Amendments enforcing that the House meet appropriations milestones**, sponsored by Representative Jodey Arrington (R-TX), Representative Derek Kilmer (D-WA), and Senator Ernst: Under current law, the House is not allowed to recess for more than three days in July if it has not approved all appropriations bills. This amendment would carry over that prohibition to August. **(Pending)**

Similar to the “no budget/no vacation” amendments, by postponing August recess indefinitely, this amendment would provide stronger incentives for the House to pass all appropriations bills by the June 30 deadline prescribed by the Congressional Budget Act.¹⁵ On the other hand, the desire to have an uninterrupted August recess could lead Congress to pass undesirable appropriations legislation in order to complete this step and leave town. The content of these bills is just as important as, if not more important than, completing them on time.

- **Establishing an annual “fiscal state of the nation” hearing**, sponsored by Representative Kilmer: Kilmer's amendment provides for an annual bicameral hearing for the Comptroller General of the United States to testify before the budget committees with any Member of Congress having the opportunity to take part.

The Comptroller General is appointed by the President and acts as the head of the Government

Accountability Office (GAO). The GAO works in a non-partisan manner to support Congress in fulfilling its constitutional requirements and improving the performance and accountability of the federal government. **(Pending)**

Improving transparency and accountability in federal budgeting should be a primary goal of the JSC. Not only would an annual hearing with the Comptroller General provide an opportunity for Congress to exercise its oversight responsibilities, it would also be a chance to educate citizens on how the federal government is performing and where there are opportunities to improve efficiency and cut wasteful spending. It could also serve as a means for bringing Congress's attention to the important oversight work that the GAO performs and compel legislators to implement GAO recommendations.¹⁶

Conclusion

America faces staggeringly high annual deficits, a suffocating debt, and vast unfunded liabilities for key programs, such as Social Security and Medicare, that grow deeper every year. Any legislative day that passes without Congress pursuing effective fiscal reforms is a lost opportunity, costing the country billions of dollars in taxpayers' money and lost economic opportunity.

The Bipartisan Budget and Appropriations Reform Act of 2018, and the amendments offered thus far, falls short on that effort. Modest reforms to change the budget process will not reverse that trend. Bolder proposals to reform mandatory spending and reduce the national debt are necessary and should have been the goal of this process.

With the 115th session of Congress coming to an end, the burden of realigning the nation's budgetary path falls to the new 116th session. Both chambers should start working now to craft lasting reforms to the budget and appropriations process that put an end to freewheeling spending, sky-high deficits, and dishonest fiscal gimmicks.

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Endnotes

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