Response to the request for information
From the House Budget Committee's Budget Process Reform Task Force
On specific solutions to improve the congressional budget process

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Dear Chairman Arrington, Representative Yakym, and members of the committee:

Thank you for continuing to seek better ways for Congress to serve the American people.

Members of Congress face systemic barriers to using their considerable talents. Upgrading federal budget and authorization practices can unlock doors to success and help Congress more efficiently exercise its proper powers.

This submission offers thoughts on the three discussion drafts posted on Friday, July 12, 2024, and suggests additional approaches to address the associated challenges. It also recommends other ways to improve congressional effectiveness.

We have been pleased to support legislation that the committee has considered this year. We look forward to the House Budget Committee building on that record.

Objective 1: Emergency designation accuracy

One discussion draft would require sponsors of legislation 1) to justify emergency-designated fiscal policies or 2) to state that the legislation makes no emergency designations. It would require the chair of the House Budget Committee to publish quarterly reports of emergency-designated fiscal effects.

As this proposal tacitly recognizes, emergency spending is part of responsible budgeting. Prudence in normal times preserves or restores fiscal capacity for Congress to address abnormal periods. Reserving emergency designations for appropriate circumstances helps strike that balance.

This provision, as drafted, would apply to any bill or joint resolution introduced in the House of Representatives regardless of fiscal impact. It could be narrowed to apply to legislation providing new expenditures or reducing revenue collections.

In addition, the requirement for quarterly reports from the chair of the House Budget Committee is unclear whether "the cumulative impact of all such amounts designated as an emergency requirement" refers to proposed, House-passed, enacted, or rescinded amounts. The bill could clarify, or it could leave the scope to the discretion of the chair.

Requiring a declaration about emergency designations at the point of introducing legislation is wise. Ministerial due diligence on newly filed legislation from the Clerk of the House provides a rule-of-law mechanism to return non-compliant measures to the sponsor.

Stepping back, the provision applies only to the House and is, like most budget statutes affecting intra-congressional proceedings, an exercise of the rulemaking power of the House. Members of the House could negate or amend this rule through the rules package at the start of each Congress or by any other simple resolution, including any "special rule" that governs consideration of most non-suspension legislation.

The House could more easily adopt these requirements by amending House rules. Rule XII on "Receipt and Referral of Measures and Matters" could accommodate the declarations requirement. Similarly, Rule X(4)(b) applying "Additional functions of committees" to the Budget Committee could include a provision for quarterly reporting by reference to the declarations. Such a resolution would likely be referred to the Rules Committee.

Another approach could be reasonable, statutory budget targets. The Responsible Budget Targets Act (RBTA) proposed by Senator Mike Braun and Representative Tom Emmer would provide a glide path to primary structural balance, that is, medium-term balance between revenue and non-interest spending. These well-designed targets would provide stable, predictable, comprehensive, and neutral targets so Congress could drive policy upgrades instead of chasing volatile revenue.

The RBTA would allow immediate emergency spending without offsets. Instead, it would offset emergencies subsequently by reducing the spending caps by equal shares in the following six fiscal years. Congress could choose whether to take the offsets as spending reductions, revenue increases, or some combination, ideally with a better approach to automatic enforcement as a backstop.

Taking a further step back, Congress can always change statutory targets with a new statute. Whether it does so will depend on the costs and benefits of relevant alternatives.

A well-crafted constitutional provision for fiscal responsibility would help balance responsibility during good times with additional resources during emergencies. In particular, the two-thirds requirement for emergency spending in balanced budget amendment proposals by Chairman Jodey Arrington and Representative Nathaniel Moran would set an appropriate and enforceable threshold to buttress statutory requirements for subsequent offsets and rules for explaining emergency fiscal actions.

Objective 2: Enforceable spending limits

Another discussion draft would add a point of order against outlays that exceed the limits established in a concurrent resolution on the budget. It would revise the "discretionary spending limits" in section 251 of the Balanced Budget and Emergency Deficit Control Act (2 U.SC. 901) to supplement budget authority limits with outlay limits.

Congress primarily controls budget authority by empowering agencies to spend for designated purposes. Agencies make outlays to non-federal entities, which "spend out" regularly for some activities and irregularly for others. Outlays therefore flow variably from budget authority.

The Responsible Budget Targets Act, noted above, provides another way to manage budget authority and outlays. The RBTA's adjustable spending caps would apply to non-interest *budget authority*. They would grow with a five-year rolling average of GDP growth, adjusted by a deficit brake. The deficit brake would reflect the actual balance between revenue and non-interest *outlays*, and repeated primary deficits would increase the braking pressure on primary spending growth. Again, the RBTA's neutral design would let Congress raise revenue to adjust the caps and mitigate reductions in spending growth.

That is, the RBTA would directly limit budget authority but would modify the spending growth rate based on the relationship between actual outlays and revenue. A balanced budget amendment to the Constitution would strengthen public expectations for fiscal responsibility as well.

Alternatively, these design criteria could apply to medium-term debt-to-GDP targets. For example, each year Congress could trim spending, raise revenue, or boost growth to reduce the projected ratio of debt held by the public to gross domestic product by one percentage point compared to the most recent CBO baseline. Fox example, the FY2025 budget process would reduce the FY2029 debt burden from 100.5 percent of GDP to 99.5 percent. Repeated yearly, the power of compound interest would reverse the curse in about a decade.

Notably, the House has little recent experience with routine points of order. The House Committee (on waiving) the Rules produces "special rules" to govern debate on legislation that lacks overwhelming support. Special rules typically include a sentence like "All points of order against consideration of the bill are waived."

House Rules provide structures for considering legislation without resort to a special rule. House floor activity absent familiar suspension of the rules and "special" rules would be a dramatic shift in practice, but it could restore House familiarity with points of order. That said, the Senate shows regularly that if there are votes to pass legislation, there are votes to waive points of order.

Objective 3: Make tradeoffs real

The third discussion draft would establish a point of order against appropriations legislation's inclusion of changes in mandatory programs (CHIMPs), defined as reducing budget authority without reducing outlays.

As discussed above, strengthening points of order may have limited effect in the House. Congress should consider a more fundamental – yet incentive-compatible – change to fulfill the promise of the Congressional Budget and Impoundment Control Act of 1974. This upgrade would grow the pie for the budget, authorizing, and appropriations committees.

The Comprehensive Congressional Budget Act (CCBA) by Rep. Blake Moore and Rep. Marie Gluesenkamp Perez would empower all committees to manage the budget holistically and within guardrails established and overseen by the Budget Committees.

Briefly, the CCBA would build on the current process. The budget resolution would initiate an annual opportunity for all committees to manage their portfolios. Appropriators would continue to manage discretionary programs, and other committees would manage direct ("mandatory") spending and revenue policies including offsetting collections and receipts. Ultimately, congressional committees would lead the development of an annual budget act that includes all federal spending and revenue.

CHIMPs are already non-germane to the Appropriations Committees, but they would be more difficult to use in a comprehensive budget. The opportunity to manage their programs would empower other committees to protect their authorities.

Even so, a comprehensive budget would benefit appropriators substantially. First, other committees would have more of a stake in a successful and timely annual process built around appropriations legislation. Second, the 302(a) allocations for appropriations could be more realistic – less stringent – with everything on the table. Appropriations are 26 percent of spending and no revenue, yet they face disproportionate pressure for budgetary savings. Members of other committees could seek efficiencies elsewhere, especially in the committees on which they serve. Third, CHIMPs, loose emergency designations, and other gimmicks provoke mistrust and ill will with some members and outside organizations. A cleaner, more transparent process where everyone looks at everything would give appropriators – and everyone else – more room to succeed.

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The Comprehensive Congressional Budget Act and the Responsible Budget Targets Act provide additional ways to support the goals implied by the discussion drafts.

Bulwarks to statutory budget targets could include a well-crafted balanced budget amendment, automatic "incremental" enforcement, and perhaps automatically increasing the debt limit when the budget meets reasonable targets.

Helping Congress start and complete the budget process would strengthen its ability to process a comprehensive budget each year. The CCBA includes thoughtful backstops for a budget resolution impasse and the inability of any committees to report proposals in time.

In addition, Senator Joni Ernst and Representative Buddy Carter's Send Us Budget Materials and International Tactics In Time (SUBMIT IT) Act would withhold the invitation for the president to deliver the State of the Union address until Congress receives the president's budget request and national security strategy. Congress needs that information for its annual budget and security authorization work.

Moreover, Senators James Lankford and Maggie Hassan and Representatives Jodey Arrington and Jimmy Panetta's Prevent Government Shutdowns Act would help Congress wrap up its annual budgeting, which would let the following cycle start on time. It would end the tense shutdown politics that lead to bloated omnibus bills against a holiday deadline and would promote a bottom-up, inclusive process for federal fiscal legislation.

Congress can control regulatory costs and stop executive branch giveaways through an effective authorization process with better supports for all committees. Regular cultivation of the permanent and general laws would help Congress update programs, remove allowances for executive branch overreach, and otherwise fine-tune statutory authorities.

Senators Mike Lee and Richard Blumenthal and Representatives Chip Roy and Steve Cohen's ARTICLE ONE Act shows how Congress can decide whether to approve certain executive proposals. A similar standard could apply to the Anti-Deficiency Act, as well as laws enacted with legislative vetoes before the Supreme Court's *INS v. Chadha* decision. Congress could similarly build on the Strengthening Administrative PAYGO Act of 2024 with proposed Fiscal Responsibility Act amendments from Representatives Gary Palmer and Andy Biggs.

These proposals would complement the growing body of thoughtful legislation considered by the House Budget Committee. They are policy-neutral, best practices to repair defects in federal budgeting. Each should attract broad, bipartisan support and become increasingly popular as Congress becomes familiar with them.

Thank you for the opportunity to share these thoughts. Better budgeting and other governance practices can help Congress deliver far better results for the American people.