"Upgrade Congress to End Funding Lapses and Improve Fiscal Democracy"

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Automatic continuing appropriations strengthen legislatures

Congress could better check and balance the president – or partner with him – before President Jimmy Carter created federal shutdowns in 1980. He may have thought it would reduce spending, but instead, it has raised the temperature and dysfunction.

Rhode Island Democrats, after taking control of the General Assembly in 1935, adopted automatic continuing appropriations. Why? As an element of professionalizing the budget process including with a comprehensive budget, and perhaps to keep future Republican governors from forcing legislators to scale back Democratic policy priorities.

Wisconsin's Speaker Robin Vos, in recommending such a provision to legislators in other states, has said, "if you could trade away something that the executive wants in order to get that one piece of power, I think it's worth it." Wisconsin's 1971 budget overhaul included this provision and a comprehensive biennial budget that combines virtually all appropriations and revenue changes in one bill.

North Carolina enacted an automatic continuing appropriations provision in its 2016 budget bill. Since then, the Republican-led legislature has aggressively pursued its priorities with the confidence that services can continue while the political process churns.

Last year, Kansas legislators overrode the governor's veto to prevent shutdowns. This year, the state budgeted without the possibility of shutdowns. It did not seem to affect overall spending, but it helped all parties focus on their priorities instead of crisis avoidance.

A central premise of *The Power of American Governors: Winning on Budgets, Losing on Policy* is that the risk of shutdowns lets governors push harder for their fiscal priorities. The difference matters between having to enact new legislation each year or two to avoid major service disruptions compared to programmatic statutes in permanent law.

Each legislature's priorities may differ, but preventing shutdowns eases the process of building consensus on legislators' collective preferences and advancing them into law.

Automatic continuing appropriations improve legislating

The benefits are not merely status quo bias, however. True, it is stabilizing to reduce executive pressure for big changes that the legislature does not want. But it also makes legislative bargaining more bottom-up and consensus-oriented.

Today's congressional appropriations process unfortunately often tends to collapse into something like an omnibus appropriations act immediately before a holiday. Most members have little time to review it or chance to seek improvements. Members face a binary choice of accepting something better than a shutdown or accepting a shutdown. This breeds resentment, bitterness, and accusations.

Automatic continuing appropriations change the game: votes must be earned by involving members. Deliberation produces buy-in. Even trying and failing often yields benefits from coalition building and helps proponents make peace with losing fair and square.

Repeated ad-hoc coalition building strengthens relationships between members, including across the aisle. This makes Congress a more cohesive and independent body as members exercise legislative muscles and build deeper trust and friendships with each other.

The Prevent Government Shutdowns Act

In 2019, the Senate Homeland Security and Governmental Affairs Committee passed a previous version of the Prevent Government Shutdowns Act by a vote of 10-2. All Democrats supported it, including then-Sen. Kamala Harris. Only Sens. Rand Paul and Rob Portman voted nay, and each sponsored an automatic continuing appropriations bill but with periodic cuts to force action.

Arguments for small cuts or small increases are plausible, but only maintaining current funding levels has substantial bipartisan support. That's the foundation for the Prevent Government Shutdowns Act (PGSA) by Sens. James Lankford and Maggie Hassan and by Reps. Jodey Arrington and Jimmy Panetta, as well as related bills from Sen. Ron Johnson and Rep. Dusty Johnson, Sen. Tim Kaine and Rep. Don Beyer, and others. Organizations with views across the ideological spectrum support PGSA.

PGSA limits the period of automatic appropriations to two weeks at a time once a fiscal year has begun without complete appropriations. This keeps the executive branch on a tight leash where it can only mark time – but without disrupting standard services – until Congress gives it final instructions through the appropriations acts.

PGSA accepts that members of Congress differ widely in personal wealth but all have equal amounts of time. Members would remain in DC to focus on completing appropriations.

PGSA is popular. 81% of Americans support continued services and Congress staying in DC to finish the job, and 80% want Congress to vote on PGSA. Veterans and military families are stronger still: 72/78% that shutdowns are bad for veterans and 77/78% bad for national security, and 88/87% that Congress should vote on PGSA.

Additional updates can improve Congress

Legislation like PGSA can solve the problems of public and private sector waste, uncertainty, and venom associated with shutdown politics. It can strengthen Congress. Complementary upgrades toward effective budgeting can build up Congress further.

Do a real budget to support appropriations

Appropriators need reinforcements. They oversee one-quarter of spending and no revenue. Even then, appropriations are often constrained by authorizing terms and conditions.

Letting the authorizing committees manage direct spending and revenue programs alongside the Appropriations Committee's discretionary portfolio could dramatically improve non-appropriator buy-in for the annual budget and appropriations cycle. It would show, as Chairman Cole has observed, that the federal budget has many more dials to turn to meet budget targets and reduce deficits than appropriations alone can provide. Holistic context would support more regular authorization cycles as well.

A real budget each year would expand opportunities for members to build coalitions on shared priorities. It would multiply the bonds of affection between members, deepen their knowledge of federal activities, and increase their confidence in addressing the challenges facing the American people. Congress could partner more with the president when goals are aligned, and Congress could more easily counter executive actions that are inconsistent with most members' views. Expanding the scope of policy-related mutual benefits would contribute to more timely completion of the annual process.

Rep. Blake Moore's Comprehensive Congressional Budget Act maps out how to build a real budget on the foundation of existing budget law. In brief, the Appropriations Committee and each authorizing committee would get a spending allocation from the budget resolution, manage their components, and submit them to the Budget Committee for integration before the annual budget act goes to the floor.

Reasonable, enforceable budget targets

The House Budget Committee held a hearing in March on the bipartisan, bicameral resolution to reduce deficits to three percent of GDP, and then on toward full balance. My testimony discussed the mechanics to make that concept real.

Reasonable, enforceable budget targets are valuable not only for fiscal sustainability, but also to focus deliberation on policy tradeoffs. Sen. Tim Kaine stated at a 2019 hearing:

> We had an agreement about the debt to state GDP and debt service as a percentage of budget outlays . . . and Democrats and Republicans, we accepted the targets, and

> we fought like heck about how to reach the targets. 'We need to cut more expenses.' 'No, we need more revenue.' 'No, we need to do a little bit of both.' So, when you have those targets, it doesn't take away partisan fighting. It can actually even be productive as you're trying to find the right path.

Reasonable targets must be stabilizing, comprehensive (not discretionary spending only), neutral, practical, and able to accommodate emergencies. A rule for a glide path to structural primary balance – balance over the medium term, excluding interest expense – with subsequent offsets for emergencies meets these criteria.

Then-Sen. Mike Braun and Rep. Tom Emmer proposed this with the Responsible Budget Targets Act, which resembles implementation for Switzerland's debt brake. The targets would tie together budget authority, revenue, and outlays to keep the trends of revenue and primary spending together while allowing deviations for business cycles and emergencies.

Enforcement is crucial. Bond markets keep state policymakers stay on track, but that possibility still seems remote to many members of Congress. Enforcement must be more sophisticated than in the Statutory Pay-As-You-Go Act of 2010, however. A new paradigm could replace one-year savings with multi-year savings, replace across-the-board cuts with a variety of small adjustments, and share tolerable levels of pain.

The debt limit can be a tool for enforcing budget targets as well. For instance, meeting the target could automatically suspend the debt limit for a year. Missing the target would require Congress to vote to raise or suspend the limit. This too would motivate Congress to complete its annual budget work in a timely manner.

Conclusion: Better budgeting can prevent lapses and help Congress succeed

Preventing government shutdowns fosters a more cohesive legislature that budgets well and practices more inclusive fiscal democracy. Complementary upgrades can bring Congress even closer to an effective budget process that lets all members participate in seeking better results for the people.

A real budget with all spending and revenue will give more members serious stakes in the annual cycle and the political cover to make tough-but-necessary changes. Well-designed budget targets can add focus, especially when paired with credible automatic enforcement tools and the promise of defusing debt limit dangers.

Only Congress can adequately represent the vast diversity of this country, and refining its institutions is the way to advance. Upgrades that expand freedom, opportunity, and responsibility for members will make Congress capable of achieving extraordinary things.