

MEMORANDUM

TO: JSC Member Offices
 FROM: Committee for a Responsible Federal Budget
 RE: Joint Select Committee Reform Options
 DATE: October 30, 2018

With the Joint Select Committee on Budget and Appropriations Process Reform (JSC) preparing for a likely mark-up during the week of November 12, we reiterate our support for several budget process reform ideas that should get serious consideration. For the past six months, we have provided JSC members and staff with our [best policy and technical advice](#) on a number of possible reforms, and we were honored to have our [president Maya MacGuineas](#) and our [Co-Chair Leon Panetta](#) testify before the JSC. We have consistently stated that fixing the Congressional budget process is an important step in addressing our nation's pressing fiscal challenges. We continue to be available to assist the JSC in any way possible.

Below we provide brief commentary on over a dozen items publicly reported to be under consideration by the JSC as well as additional items we believe could be complementary and/or would improve reform legislation. These changes are:

Reforms that align with our [recommendations](#)

1. Adopt biennial budgeting with two-year budget resolutions
2. Conform the fiscal year to match the calendar year
3. Provide some types of incentives/disincentives for Congress to meet budget deadlines
4. Require reconciliation to be used only for deficit reduction, reinstating the "Conrad rule"
5. Establish a debt-to-GDP fiscal goal in both the short- and long-term budget windows

Reforms we find worthy of consideration

6. Return the House to pay-as-you-go (PAYGO) rules
7. Divide the 12 appropriations bills into three or four "minibus" bills
8. Give the budget resolution the force of law
9. Require the Appropriations Committees to adopt 302(b) allocations before reporting appropriations bills
10. Change the baseline to use a multi-year average for disaster spending, rather than the most recent year

Reforms we do not have an opinion on

11. Change the membership requirements and tenure limitations for Budget Committee members
12. Improve the ability to make "cap adjustments" to 302(b) allocations

Reforms we have concerns with

13. Set up a process by which the discretionary spending level can be adopted if Congress can't agree on a budget resolution by May 15
14. Promote enactment of legislation to raise the discretionary caps in 2020 and 2021 after the current two-year spending deal expires

Additional complementary and improving reforms

15. Reform the debt ceiling to reduce the risk of default while linking it to tax and spending decisions
16. Raise the Senate vote threshold above 60 votes to waive PAYGO rules and all Budget Act points of order
17. Require a separate roll call vote whenever PAYGO or a Budget Act point of order is waived in the House or Senate
18. Reform Changes in Mandatory Programs (CHIMPs) by prohibiting the use of cuts in “empty” budget authority to allow higher spending than allowed under discretionary spending caps

Reforms that align with our recommendations

- 1. Adopt biennial budgeting with two-year budget resolutions:** A strong and consistently completed biennial budget would likely be better than the current process. Conducting the current budget process every other year, however, is only part of the needed reforms that the overall process requires. There needs to be other reforms to the budget and appropriations processes that accompany biennial budgeting to ensure future policymakers have more effective tools to address our nation’s fiscal challenges.
- 2. Conform the fiscal year to match the calendar year:** This reform should cut down on the number of continuing resolutions (CRs) or at least the length of time under a CR. We understand concerns that federal agencies may have about closing out the year so close to the holidays. Nonetheless, a modified timeline for agency fiscal duties can be included with this change as well.
- 3. Provide some types of incentives/disincentives for Congress to meet budget deadlines:** Proposals such as No Budget, No Recess or No Budget, No Travel are interesting ideas to consider to encourage passage of a budget and meet other fiscal deadlines.
- 4. Require reconciliation to be used only for deficit reduction, reinstating the “Conrad rule”:** As part of any reform to the budget process, reconciliation should be prohibited from adding to the deficit. The Conrad rule was a point of order against reconciliation bills that increased the deficit inside the budget window. A restoration of that rule should be put into law, not just as a budget resolution point of order. Co-Chair Lowey has also proposed banning any reconciliation instruction from increasing the deficit, which is also a good idea.
- 5. Establish a debt-to-GDP fiscal goal in both the short- and long-term budget windows:** A debt target should be aggressive enough to improve our fiscal situation and put the debt on a sustainable path but not so aggressive as to be unachievable. Further, establishing a debt target that requires more savings than policymakers are willing or able to enact will erode the credibility of the target. Procedures to require action on policy

changes to meet the debt target should also be accompanied with a credible enforcement mechanism to give lawmakers an incentive to make the tough choices necessary. Specific mechanisms to keep a budget plan on track can be designed either as carrots or as sticks. We strongly support the inclusion of debt targets in the JSC proposal, ideally with statutory enforcement measures. Even an unenforceable debt target would be better than no debt target.

Reforms we find worthy of consideration

6. **Return the House to pay-as-you-go (PAYGO) rules:** Currently, the House is subject to “CUTGO,” which is a spending-only variation of PAYGO. Clearly tax cuts can worsen the deficit, so they should be subject to similar treatment. PAYGO is the law of the land with the 2010 Statutory Pay-As-You-Go Act. PAYGO rules in the House are important to have in place, although rules alone cannot guarantee that policymakers stick to them.
7. **Divide the 12 appropriations bills into three or four “minibus” bills:** Minibuses – or bills that combine a few, but not all, appropriations – are certainly preferred to omnibus (all appropriations in one bill) because more oversight of a given bill is possible. It is important to devote time for the appropriations bills early and not create a high pressure, must-pass situation, which is often the case. Determining how to cluster these minibuses has important political considerations that the JSC will need to consider.
8. **Give the budget resolution the force of law:** Also known as making the budget resolution a joint resolution, giving the budget the force of law would bring the President into decisions about discretionary spending levels, mandatory spending reform, tax policy, and deficit reduction targets early in the process. This would encourage negotiations at the beginning of the budget cycle, thus providing certainty for the appropriations process. Policymakers would also take the budget more seriously and consider whether they are prepared to abide by its limits.
9. **Require the Appropriations Committees to adopt 302(b) allocations before reporting appropriations bills:** This recommendation is good governance to make sure that individual bills have their appropriate level of spending set in advance of deciding how it's spent. It is similar to proposed requirements that a budget must be passed before either appropriations can start or other bills with a fiscal impact can go to the floor.
10. **Change the baseline to use a multi-year average for disaster spending, rather than the most recent year:** Changing the baseline for disaster spending is a perfectly reasonable way to adjust how CBO projects future discretionary spending to reflect a more likely scenario. In the future, however, policymakers should think about changing the way we budget for emergencies so that disaster relief will not necessitate massive spending without any offsets. If we have consistent emergency needs, we should try to budget for them.

Reforms we do not have an opinion on

- 11. Change the membership requirements and tenure limitations for Budget Committee members:** It is often discussed whether the Budget Committees should be leadership committees with representation of major committee chairs and ranking members. Such an idea has merit. We do not, however, have a strong opinion on adding or changing tenure limitations.
- 12. Improve the ability to make "cap adjustments" to 302(b) allocations:** This proposal, originally suggested by Co-Chair Lowey, would have the House adopt a procedure already in place in the Senate.

Reforms we have concerns with

- 13. Set up a process by which the discretionary spending level can be adopted if Congress can't agree on a budget resolution by May 15:** Creating a way to set a 302(a) allocation without a budget could undermine the desire to do a full budget. Such a process would need to be fundamentally designed to help push full budgeting, not just decisions on discretionary levels.
- 14. Promote enactment of legislation to raise the discretionary caps in 2020 and 2021 after the current two-year spending deal expires:** We understand that returning to the sequester-level caps in FY 2020 is not appealing. But the size of the spending increase from the BBA 2018 was large, and notably it provided more discretionary spending than either the 2013 or 2015 deals and was larger than either Presidents Trump or Obama requested for defense and non-defense discretionary, respectively. Most importantly, it was not properly offset. Raising the discretionary caps for FYs 2020 and 2021 must be offset with real savings from elsewhere in the budget. Discretionary spending caps should also be extended past 2021. If offsets can be identified, then legislation or a process to raise the discretionary caps would be fine.

Additional complementary and improving reforms

- 15. Reform the debt ceiling to reduce the risk of default while linking it to tax and spending decisions:** Reforming the debt limit so that we are more likely to avoid default is a positive step. Ideally, one would link changing the debt limit to passage of spending bills and enactment of budget resolutions. The debt limit should not be eliminated without a replacement because it is one of the few opportunities to bring about fiscal discipline.
- 16. Raise the Senate vote threshold above 60 votes to waive PAYGO rules and all Budget Act points of order:** Points of order are mostly useless in the Senate because they have the same vote threshold as cloture. To matter, Budget Act points of order should have more teeth with a higher threshold.

- 17. Require a separate roll call vote whenever PAYGO or a Budget Act point of order is waived in the House or Senate:** Many members do not even realize they are voting to waive budget discipline because typically the House rule governing floor debate waives all such points of order. In the Senate, there are many Budget Act points of order that may apply to different bills, but usually only one (if any) is waived. Any waiver of a budget-related point of order should necessitate a separate roll call vote.
- 18. Reform CHIMPs by prohibiting the use of cuts in “empty” budget authority to allow higher spending than allowed under discretionary spending caps:** CHIMPs are consistently used to spend above the legal caps. They are a budget gimmick. The JSC should include reforms to budget gimmicks in some way to actually make the budget more transparent to the American people.

Conclusion

While we recognize that the JSC will not likely be able to include of all the above suggestions as part of its recommended package, this list provides the JSC with a wide range of options to significantly improve the federal budget process. An effective budget process must promote fiscal discipline and bring greater transparency and accountability to budgetary decisions. Moreover, reforms to update and improve the budget process could help strengthen its credibility among policymakers, leading to greater compliance with the new framework. Equally important, having fewer ignored deadlines and crisis-driven decisions would restore Americans’ faith in their leaders’ ability to do one of their most basic jobs.

Our nation needs a budget process that helps, not worsens, the fiscal challenges facing current and future generations. In the 44 years since passage of the Congressional Budget Act of 1974, it is now more important than ever to ensure both the executive and legislative branches move forward and address trillion-dollar deficits and rapidly rising national debt.

However, reforming the federal budget process is not a substitute for the political willpower needed to make difficult but fiscally responsible choices. Any budget process will only be truly successful and fiscally disciplined if policymakers abide by the procedures and rules that they have established.

Hopefully, the suggestions provided here will be helpful in assisting the JSC fulfill its important mission.