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ADDING TO “A TO Z”: A PERMANENT LOCK BOX FOR SPENDING CUTS

(Updating *Backgrounder* No. 977, “It’s Time for Truth in Voting,” February 23, 1994.)

The necessity for radical reform in the congressional appropriations process has been recognized by a majority of the House of Representatives. Some 230 Members have cosponsored the “A to Z” resolution (H.R. 3266), sponsored by Representatives Rob Andrews (D-NJ) and Bill Zeliff (R-NH), which provides for a special budget-cutting House session. This extraordinary procedure is needed because a flaw in the congressional budget process permits key legislators to divert savings from spending cuts approved by the House or Senate to other programs. Promising new legislation—the Deficit Reduction Lock Box Act of 1994—would ensure that votes to cut spending on particular projects translate into actual deficit reduction by reducing overall spending caps in line with individual budget-cutting amendments. The Lock Box Act (H.R. 4057), sponsored by Representatives Mike Crapo (R-ID) and Charles E. Schumer (D-NY), would reform current congressional budget procedures to fix the procedural flaw that makes A to Z essential this year and minimize the need for such extraordinary procedures in the future. Political pressure to alter the congressional budget process in order to reduce the federal deficit has made a vote on a deficit reduction lock box reform likely—either as a stand-alone measure or as part of a broader package of budget reforms.

A lock box provision would create opportunities for savings that are both substantial and mandatory. Under H.R. 4057, each appropriations bill that sustains spending cuts will contain a “lock box account” corresponding to the total value of spending cut from the bill. Whenever an amendment to cut spending from an appropriations bill is passed, that amendment’s savings would be added to the lock box account, and thus become unavailable to Congressmen who want to increase federal spending. When the compromise version of the appropriations bill emerges from the House-Senate conference committee, it would have to include a lock box figure between those in the House and Senate versions. If the bill’s conference version failed to contain sufficient savings, any Member could raise a point of order, which would block floor consideration of the bill until the deficit reduction target was met. To guarantee that the spending-cut amendments reduce the deficit, discretionary spending caps for that fiscal year would be reduced by the amount in the lock box account in the conference bill. That sum would then be transferred to a “deficit reduction trust fund” in the U.S. Treasury, unavailable for further congressional appropriation. If Members wanted to divert the savings from the cuts to another federal program, the amendment would have to say so—and those Members would have to face the political consequences.

Congress will consider thirteen annual appropriations bills between now and September. Many of them will be adorned with misleading election-year amendments to cut federal spending, offered by Members eager to be seen as budget-cutters. But these spending-cut amendments rarely save any money: congressional rules allow funds removed from an appropriations bill by amendment to be restored at almost any point in the legislative process before the bill becomes law.

Currently, a vote by the House or Senate to cut spending on an appropriations bill cedes control of those “cut” funds back to the conference committee that writes the final law. That committee remains free to restore the cuts or substitute other spending in crafting a final package, subject only to the spending ceiling for each appropriations bill. ¹ (Such spending ceilings are set by the annual congressional budget resolution, which is limited by the statutory discretionary spending caps.) Debates on the House or Senate floor about saving money are thus debates only about which rival program will receive federal funds.

Appropriations committees typically spend nearly all of the money they control—in the last two fiscal years, they spent over 98 percent of it²—and appropriations conference committees, rather than trimming spending, often add to the spending totals approved by the House and Senate. Take the thirteen regular appropriations bills Congress passed last year: four were more costly than either the House or Senate versions; another seven either equalled or came closer to the more expensive of the two. Only one was less expensive than either of the two original bills. Real cuts in the appropriations process do not take place, and real deficit reduction does not occur, because there is no way to make cuts stick. Reductions made by either House are easily eliminated or reversed by appropriations conferees.

In 1993, for instance, the House of Representatives voted to cut \$57 million from two nuclear reactors in the Energy and Water appropriations bill, \$6.9 million from the “Forest Legacy” program in the Interior bill, and \$6.1 million from the Customs Service and the Bureau of Alcohol, Tobacco and Firearms in the Treasury and Postal Service bill. When each of these bills became law, however, their spending totals equaled or exceeded those in the House-passed versions that had been the targets of the spending-cut amendments. In the case of the Customs Service and the nuclear reactors, conferees not only reversed the House cuts, they ladled on additional spending. The conference version of the Energy and Water bill that Congress passed into law was nearly half a billion dollars more expensive than the original House version. In other cases, conferees diverted the “cut” funds to other programs. In 1992, according to the Congressional Research Service, the House voted to cut over \$1.3 billion from various appropriations bills, but not a single dollar was saved. Conference committees either restored the funds or diverted them to other programs. 1992, of course, was an election year. Although many Members of Congress send mass mailings to their constituents with descriptions of spending cuts they supported, publicity and political credit for congressional incumbents is all that such phony cuts accomplish.

Defenders of the current system argue that, although the details of discretionary spending are arranged by appropriations committees, the whole House and Senate ultimately vote on the conference committee package. While it is true that conference reports are subject to the approval of the whole Congress, those votes are on huge bundles of spending that cover many large agencies. Such votes do little more than ratify committee decisions. They provide no opportunity to revisit spending for particular programs, which are overshadowed in large-scale budget figures. When opponents of a particular program persist in their opposition to conference reports, appropriations committee members typically threaten to cut spending in the districts of recalcitrant Members or suggest that essential programs would be jeopardized by their voting to reject a conference package. Congressional leadership privilege thus forces Members to cast one up-or-down vote on a legislative package laced with meritless spending.

The Crapo-Schumer Lock Box Act combines two previous legislative proposals —Representative Crapo’s H.R. 3145 and Representative Schumer’s H.R. 3205—to solve the problem of what Representative Crapo has called “the ‘shell game’ of reallocating supposed spending cuts to other programs.” H.R. 3145, the Make Our Cuts Count bill, has 100 cosponsors. Crapo’s bill would reduce federal spending by reducing

¹ These spending ceilings are often called 602(b) allocations after the relevant section of the 1974 Budget Act.

² See *The Budget of the United States Government, Fiscal Year 1995: Historical Tables*, p. 95, table 8.1 and *Analytical Perspectives*, p. 197, table 14-1.

congressional spending caps when lawmakers in both Houses cut the same spending item, thus forcing appropriations committees to economize by cutting those programs or their equivalent in other expenses. The original version of Schumer's lock box legislation (H.R. 3205), which has 70 cosponsors, would require that amendments to cut spending specify whether the saved funds should be directed to deficit reduction or to some other program. Nearly 150 different House members have cosponsored either H.R. 4057 or one of its two predecessors, a promising foundation for a bipartisan budget-cutting initiative.

Another group of budget-minded Members of Congress— Representatives Charles W. Stenholm (D-TX), Timothy J. Penny (D-MN), and John R. Kasich (R-OH)—have offered a similar lock box measure as part of their H.R. 4434, the Common Cents Budget Reform Act of 1994. This proposal combines a similar lock box provision—which, like the Crapo-Schumer bill, could be used to force all savings from appropriations cuts to go to deficit reduction—with three other budget reform measures: elimination of automatic spending increases (known as baseline budgeting), an enhanced rescission procedure (requiring a congressional vote on presidential proposals to eliminate pork-barrel spending or special interest tax provisions), and prohibiting non-emergency funding in an emergency spending bill. These Members reportedly have worked out a deal with the House leadership that guarantees a vote on these fundamental changes in the budget process.³

The Deficit Reduction Lock Box Act thus combines the best features of the previous Crapo and Schumer bills: it diverts savings from spending cuts to the deficit, it locks in spending cuts even when the House and Senate cut different programs, and it applies to spending-cut amendments on the floor, in committee, and in subcommittee. A lock box provision in the Budget Act would also create powerful incentives for increased budget-cutting: Members will be more inclined to offer and support amendments when they know those amendments will translate into real budget cuts. Especially in the Senate, fiscally conservative legislators will have good reason to attach spending-cut amendments to appropriations bills, since they know that one more successful spending-cut vote will actually reduce the deficit.

Congressional votes that claim to cut federal spending but fail either to save any money or to reduce the federal deficit harm taxpayers, mislead voters, and betray representative democracy. By providing Members of Congress a pathway for real budget cuts, adding a lock box provision to the Congressional Budget Act like those in H.R. 4057 or H.R. 4434 would both reduce the deficit and ensure that Congress's deeds keep pace with its promises. Wide bipartisan support for reforms that would make congressional budget-cutting more honest, more substantive, and more frequent suggests strong prospects for passage. But until Congress passes such lock box legislation, its pretensions (and votes) to cut the budget and shrink the deficit will remain largely meaningless.

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3 George Hager, "House Deficit Hawks Propose Changes in Budget Process," *Congressional Quarterly*, May 21, 1994, p. 1283.

