

WebMemo



Published by The Heritage Foundation

No. 2879
April 22, 2010

As Deficit Deepens, Congress Refuses to Enact a Budget Blueprint

Brian Riedl

Congress has now missed its April 15 deadline for enacting a budget resolution. In fact, after spending the spring passing an expensive and unpopular health care bill, the House and Senate did not even complete a single mark-up of the budget resolution by the April 15 deadline for full enactment. And it is unclear if Congress even plans to bother completing a budget at all this year. Indications are that the Senate may pass one, yet the House likely will not—which would prevent a conference committee and final enactment of a binding budget.

Not only is Congress ignoring the immediate budget picture, but it has punted the long-term decisions to a deficit commission that is structured to avoid transparency and accountability.

Too Busy Spending to Pass a Budget. The budget resolution—which sets an annual framework for taxes and spending—is one of the few pieces of legislation that Congress must pass annually. Since the 1974 Congressional Budget Act created the modern budget process, Congress has failed to enact a budget resolution only four times. Not only would this year bring the fifth failure, but it risks being the first time the House does not make any attempt to pass the first version of a budget bill.

Several problems arise from not passing a budget. First, it prevents Congress from capping discretionary spending for fiscal year (FY) 2011. The House and Senate may “deem” spending targets for their appropriations committees, but the respective spending targets may not even match each other (which would create large problems

when the spending bills reach the conference committee).

Not passing a budget also means that Congress will not muster the leadership to set a framework for legislation paring back runaway entitlement spending this year. Perhaps most importantly, not passing a budget means not carving out budgetary priorities for any extension of the 2001 and 2003 tax cuts, even for low-income families. Thus, avoiding steep tax increases during this recession will be more legislatively difficult.

Beyond the technical challenges, not passing a budget signals that Congress refuses to level with the American people on the nation’s spending and deficit challenges. All over the country, recession-weary families are examining their income and spending, making difficult decisions, and setting family budgets. Yet Congress—despite a \$1.5 trillion deficit in 2010 and historic deficits as far as the eye can see—cannot be bothered to set any budget framework for the next few years.

There are likely two central reasons why Congress may not pass a budget.

1. Congress spent the past few months focused on passing health care legislation—which also sig-

This paper, in its entirety, can be found at:
<http://report.heritage.org/wm2879>

Produced by the Thomas A. Roe Institute
for Economic Policy Studies

Published by The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002-4999
(202) 546-4400 • heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

nificantly worsened the budget picture—leaving less time for (apparently) lower priority concerns such as setting a budget framework for the next several years.

2. Members of Congress are likely hesitant to show the American people how seriously they have damaged America's current long-term budget picture. This Congress has refused to pare back runaway spending and deficits, and many of its Members may now hesitate to pass a budget resolution that shows the resulting trillion-dollar deficits. Instead, Congress is likely to try burying this vital issue in this election year.

Punting to the Deficit Commission. Some may suggest that passing a budget is unnecessary until President Obama's deficit commission finishes its work and offers a budget course. This would ignore the reality that Congress is under deadline to finance the FY 2011 spending bills before September 30—well before the commission is even scheduled to release its report.

Furthermore, the commission itself is focused on longer-term budget issues, such as reducing the deficit by 2015. Finally, there is no guarantee that the deficit commission will even come up with a budget plan that can achieve the required support of 14 of its 18 commission members as well as sufficient congressional support.

Like the failure to pass a budget, the President's deficit commission is an exercise in ducking accountability. The President's commission suffers from three weaknesses:

1. Its recommendations are not guaranteed legislative "fast track" protections—or a congressional vote at all;
2. If Congress does vote on these recommendations, it will most likely be after the November 2010 elections with a lame duck Congress that will likely include many lawmakers who have just been rejected by the voters; and
3. There is no indication that this commission will include any public hearings, so it will be more likely to create its recommendations in a back room without public input.

Putting it all together, this commission will likely become a partisan exercise that fails to bring down deficits and merely kicks the can down the road. The President should lead the national dialogue by offering a specific set of entitlement reforms to bring long-term sustainability to the federal budget. A long-term budget reform commission could be useful, but only if it solves the three problems listed above.

Note that President Obama did not set up a deficit commission immediately after taking office in 2009. He first pushed through a \$787 billion "stimulus" bill, an 8 percent hike in discretionary spending, another unpaid-for Medicare "doc fix," and a trillion-dollar health care expansion. Only now that most of the President's expensive spending priorities have already been locked in (and worsened the budget situation) will his deficit commission have its first meeting.

And surely these expensive new provisions will be considered off the table by the commission. This reflects a "feed the beast" strategy whereby the President and Congress first rapidly expand government spending and then use the resulting deficits to pressure conservatives to accept large tax increases. But the President cannot credibly dig the budget hole deeper and then blame conservatives for not rushing to fill the hole. In reality, any bipartisan budget deal should also include a bipartisan reconsideration of the health care bill. After all, President Obama himself has repeatedly stated that health care reform is budget reform.

Fiddling While Rome Burns. After rapidly expanding government and deficits over the past 16 months, this Congress may now make history by not even passing—much less enacting through conference committee—an annual budget resolution. By abandoning their basic responsibility of setting a budget, Congress will have no blueprint to rein in spending and deficits. This will make entitlement reform even more difficult and leave the fate of the 2001 and 2003 tax cuts in limbo.

But Congress's refusal to go on the record with a credible deficit reduction blueprint is consistent with the President's deficit commission, which will wait until after the election to be addressed by a

lame duck Congress—and was formed after the President had already locked in even more spending and deficits.

The unsustainable long-term expansion of spending and deficits is perhaps the greatest economic

challenge of this era. Too bad Congress cannot be bothered to address it.

—*Brian Riedl is Grover M. Hermann Fellow in Federal Budgetary Affairs in the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation.*