

ISSUE BRIEF

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House and Senate Budgets: A First Step Toward Restoring Congressional Budgeting

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It is no great achievement for lawmakers simply to do what the law requires of them. Still, the passage of budget resolutions last month by both houses of Congress—after the Senate’s four years of neglect—does seem noteworthy. The question now is: What next?

In the absence of normal budgeting, congressional leaders have resorted to manufactured, ad hoc fiscal procedures that have largely proved to be dismal failures. Meanwhile, Congress has engaged in spend-as-you-go practices that have only further unraveled the budget.

So when they return this week, with House and Senate budget resolutions in hand, congressional leaders should continue striving to restore the systematic budget process as written in the Congressional Budget Act.

The Failures of Fabricated Procedures. The current budgetary dysfunction traces back to the Budget Control Act (BCA)—the alleged “resolution” of the 2011 debt ceiling debate that merely fabricated another set of proxy budget procedures. When the BCA’s “super committee” failed to agree on \$1.5 trillion in deficit reduction, it set in motion the crude, across-the-board “sequestration” spending cuts that

are now gashing the national security budget.

Since then, there has been no progress on entitlement reform, bringing the fiscal crisis of entitlements ever nearer. On the other hand, there *has* been a \$618 billion tax increase that will do little to reduce deficits.

Circumventing the “regular order,” in which committees play a key role in developing legislation and bills are subject to proper scrutiny and deliberation, has placed decisions in the hands of a few leaders, depriving chairmen and rank-and-file lawmakers of their policymaking role.

Further, the lack of true budgeting reflects an abdication of Congress’s constitutional policymaking role. Choosing how to allocate resources among the government’s activities is a fundamental part of governing. When Congress neglects this work, it accelerates a dangerous concentration of power in the executive branch and the administrative state.

Further Steps Toward a Normal Process. Even the flawed congressional budget process seems preferable to these unstable practices, so the passage of a Senate budget resolution—for the first time since April 2009—is an improvement.¹ (The House has passed budget resolutions every year except 2010, when the then-Democratic majority refused even to write one.)

Congressional leaders should now at least try to shape a bicameral budget resolution “conference report,” a consensus congressional budget. Considering the profound differences between the House and Senate budgets,² chances of such an agreement seem remote, especially absent any White House leadership. Nevertheless, budget writers should try. This is, after all, the first time in 92

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years that the House and Senate have completed their budgets before the President has released his.³ Thus, President Obama's fiscal blueprint, scheduled for submission Wednesday (64 days late), is all but irrelevant. This creates a distinct opportunity for congressional leadership and an even greater need for the regular order in Congress and progress in fixing the government's finances.

If such a budget agreement cannot be reached, Congress still has other options for restoring responsible, systematic budgeting.

Pursue Regular Appropriations. In the past two years, House appropriators drafted their annual spending bills consistent with the House-passed budget resolution levels. Meanwhile, the Senate, lacking a budget, wrote its bills to the higher BCA caps. In the end, the two sides threw these bills together in combined measures at the elevated Senate level.

Last summer, both chambers again proceeded at different top-line levels for their fiscal year 2013 bills but gave up on the process in August. At that point, leaders agreed to a massive, six-month omnibus "continuing resolution" (CR). In late March, they perpetrated another six-month CR for the rest of the current fiscal year. That measure, totaling \$1.196 trillion when all spending is included, is subject to \$68 billion in sequestration cuts, now being implemented by the Administration's Office of Management and Budget. Thus, Congress has delegated part of its budgeting role to a mechanism applied by the executive branch.

Even without a budget resolution, the two chambers should adopt a single top-line appropriations figure, write their 12 separate spending bills to that level, and clear all of them separately. Congress can still control this part of its budgeting, and doing so would constitute another step toward fiscal discipline.

Continue to Pursue Entitlement Reform. Without a budget resolution, Congress cannot employ the

filibuster-proof process of budget reconciliation, which is designed to help move major entitlement reforms. But getting control of entitlements remains indispensable to controlling deficits and debt; ignoring it only ensures fiscal collapse.

Several reforms enjoy bipartisan support. These include raising the Social Security retirement age in line with increases in longevity, correcting cost-of-living adjustments, and reducing Medicare subsidies for upper-income beneficiaries. Congress should overcome the intransigence of those who reject any reform and pursue these and other policies.

Delay, If Not Repeal, Obamacare. It may seem highly unlikely that the President would countenance any slowdown of his signature legislative achievement, but he should. The misnamed Affordable Care Act remains a highly unpopular and unworkable legislative Goliath that sneers at both economic reality and religious liberty. It will further distort a medical market already encumbered with excessive government intrusion and lead inevitably to more price fixing and rationing. Many state governments are struggling with the law's health insurance "exchanges" and Medicaid expansions.⁴

As if all that were not enough, Obamacare is distinctly *unaffordable*. The plan's two huge entitlements—the health coverage subsidies and broadened Medicaid eligibility—will add \$1.8 trillion to government spending over the next 10 years. Considering Congress's incontinence when it comes to spending restraint, the reductions intended to offset these increased outlays will likely not hold—and that will mean metastasizing deficits.

At a minimum, Congress should delay implementation of these two virulent new entitlements for at least a year or two until lawmakers show real progress in reining in other spending.

Finish by the Start of the Fiscal Year. One of the principal victims of Congress's budgetary malpractice has been the fiscal year itself. It starts on

1. The House passed H. Con. Res. 85 on April 2, 2009. On the same day, the Senate passed S. Con. Res. 13. Congress cleared the conference report on the budget on April 29, 2009.

2. See J. D. Foster, A Stark Choice for America's Budget, The Heritage Foundation, The Foundry, March 20, 2013, <http://blog.heritage.org/2013/03/20/morning-bell-a-stark-choice-for-americas-budget/>.

3. Niraj Choksl, "In Break with 92-Year Tradition, Congress Will Kick Off Budget Process," *National Journal*, March 11, 2013, <http://www.nationaljournal.com/daily/in-break-with-92-year-tradition-congress-will-kick-off-budget-process-20130311> (accessed April 5, 2013).

4. Nina Owcharenko and Edmund F. Haislmaier, "Medicaid Expansion and State Health Exchanges: A Risky Proposition for the States," Heritage Foundation *Issue Brief* No. 3802, December 12, 2012, <http://www.heritage.org/research/reports/2012/12/obamacares-medicaid-expansion-and-state-exchanges-risky-for-states>.

October 1, but Congress now willfully pushes its budget work into rushed end-of-year sessions. This, too, tends to shut most lawmakers out of the process and lead to higher spending. Adhering to the fiscal year would be a welcome return to common sense and could actually encourage more spending discipline as well.

Back to Budgeting. In passing their respective budget resolutions, the House and Senate have taken a worthy step toward exercising their governing responsibilities. They should build on this

momentum and do more. Even if lawmakers cannot reconcile the starkly different visions of these two fiscal plans, they can make further headway in other budgetary procedures. Anything that can enhance fiscal discipline and restore regular budgeting practices offers promise for getting spending and debt under control.

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