



INFORMED BUDGETEER: HISTORY OF DEFICIT-NEUTRAL AMENDMENTS IN SBC MARKUPS

Earlier, this year the chairman of the Senate Budget Committee (SBC) called a meeting of the committee to outline his proposal for a possible budget resolution or even for legislation that might be enacted as part of a year-end deal to avoid the sequester scheduled under current law. After every member had an opportunity to make an opening statement, the chairman recessed the meeting before submitting a chairman’s mark. The chairman explained:

“I intend to give Members time to evaluate my Chairman’s Mark...I will dedicate myself to trying to find a way to come together so at the end of this year, before we face the expiration of all the tax cuts that are in place, and before we face the sequester that I do believe would cut too much on national defense, that we find an alternative.”

So the “markup” part of the meeting never began. No member could offer amendments because there was nothing before the committee to amend. Instead there was a pledge to continue the markup before the end of the year. We are now approaching the end of the year and no committee meeting is scheduled.

But what if chairman Conrad had fulfilled his pledge and continued the markup? What procedures might have governed consideration of amendments? Since the SBC has not had a markup since April 22, 2010, it is understandable that a budgeteer’s memory might be hazy on the rules of the road for consideration of a budget resolution.

A budget resolution includes a set of spending levels by [budget function](#) (see p. 57; there are about 20 functions – for Defense, International Affairs, Energy, etc) that, when totaled, are measured against the revenues in the budget to determine the budget deficits. The chairman’s mark of a budget resolution is the legislative document that the SBC votes to approve and report out, unless it is changed by amendments offered and adopted during committee markup. (The House Budget Committee goes through a similar, parallel process.)

The [Rules](#) of the Senate Budget Committee are silent about what amendments are or are not in order during committee markup. Yet the “oral tradition” surrounding how SBC markups work seems to suggest that any amendments offered to the chairman’s mark that would increase the deficit relative to the deficits already in the mark are out of order and are not considered by the chairman or voted on by the committee.

Below are some excerpts (in reverse chronological order) **of the key quotes from the more frequently cited past SBC markups** that provide some context and details on the evolving nature of this “rule.” An examination of the quotes yields the following summary.

- There is no standing “rule” about amendments.
- Before the start of the more recent markups, the chairman and ranking member in effect have entered into a unanimous consent agreement with each other and on behalf of their members on the committee that any amendment that increased the deficit would not be in order.
- For earlier markups, it appears the chairman and ranking member could not reach such an agreement in advance of the markup.
- In 2002, it was because Republicans wanted to be able to offer amendments that would reduce taxes.
- In 1995, it was because Democrats did not want Republicans to be able to claim the budget resolution achieved a balanced budget on a unified basis.
- It appears that Chairman Chiles first asked for such a policing mechanism in 1987 because he did not want amendments to create a shortfall between his mark and the Gramm-Rudman declining deficit targets (culminating in a zero deficit for 1991) that he was trying to adhere to in the budget resolution.
- In 1987, 1995, and 2002, the chairman at the time put the proposition (generally – amendments must be deficit neutral) to a vote of the committee members as a motion

before any amendments could be considered. In all three instances, the committee voted to adopt the chairman’s motion.

WEDNESDAY, April 21, 2010



Chairman Conrad – As in years past, we’d [Senators Conrad and Gregg] ask that all amendments, other than full substitutes, be fully offset over the total of the years covered by the resolution. Amendments need to be paid for over that time period to be considered here in the committee.

WEDNESDAY, MARCH 25, 2009

Chairman Conrad – We [Senators Conrad and Gregg] will also ask that all amendments, other than full substitutes, be fully offset over the total of the years covered by this budget resolution. Amendments will need to be paid for over the total of that time period of 2009 and 2014 [sic – he probably meant 2009 through 2014].



THURSDAY, MAY 4, 2004

Chairman Nickles – It is my intention, and I think the Ranking Member [Conrad] as well, to oppose any amendments which are not deficit neutral.

TUESDAY, MARCH 20, 2002

Chairman Conrad – I will make a motion to offset amendments, that the amendments that are offered be offset. So we are deficit neutral on amendments. . . .this is something that, when [Senator Domenici was chairman], we did in I believe in 1995. We did it in the ‘80s as well. . . .One other thing you should note is we would certainly have a provision for your substitute, the President’s budget, that those would be in order. That is the way we have done it in the past.

Chairman Conrad – I will make a motion now to require that all amendments that are offered in committee be fully offset in each and every year. This is something the committee has done in the past. In fact, this was the policy of our distinguished ranking member when he was chairman in 1995. It was also done in other years. I think it is important that we have amendments that are deficit neutral given the fact we are back in deficit.

Chairman Conrad – I move that the committee begin consideration with the chairman’s mark as original text for purposes of amendment, and that no amendment be in order that would increase spending or reduce revenues relative to the chairman’s mark unless the amendment is full offset in each and every year, except for an amendment in the nature of a substitute.

Chairman Conrad – This is the quote from then [1995]-Chairman Domenici: “It has been the policy in the past that we offer amendments so they are neutral and they do not increase the deficit. I was going to ask consent, and maybe you all could listen, and you could ask [then ranking member] Exon what he thinks, that during deliberations on this [1996] budget it not be in order to consider any amendments to the mark that is not deficit neutral measured against the mark or [to consider] any complete substitute that fails to achieve and sustain a balance by 2002 under a unified budget.” Now that is the rule that was put in place, and that is the rule that I am providing a motion to consider before this committee now.

Senator Nickles – Mr. Chairman, we did that in 1995. Am I correct in saying we did not do it in any year afterwards?

Chairman Conrad – I don’t know what happened afterwards. It may well be the case we did not.

Senator Nickles – Did we do it before?

Chairman Conrad – Yes, we did it before as well. We did it in 1987. We had the same rule. . . . We were out of deficit [in 1998-2000]. So we didn’t need the rule.

Mr. Domenici – Mr. Chairman, maybe you can save the motion. I will not insist on a vote. I will concur. You all ought to join me in concurring. . . . We will go under your rule.

Chairman Conrad – I have asked members to be here to vote, and we will have the vote. The clerk will call the roll, and we will have the vote. The clerk will call the roll.

The vote was 17 ayes, zero nays.

TUESDAY, MAY 9,



Chairman Domenici – I move that when the Budget Committee reports, it report a budget plan that achieves balance under a unified budget by fiscal year 2002, without increasing receipts or reducing the disbursements of [Social Security]. Essentially, this motion says that the Budget Committee will not consider presentation of a budget that is not a budget that is in balance by the year 2002.

The vote was 13 ayes, 9 nays on the Domenici motion with a Brown amendment that added the following words at the end of the Domenici motion: “and that the budget report also show a calculation of the deficit when the Social Security trust fund surpluses are not included”.

WEDNESDAY, APRIL 1, 1987



Chairman Chiles – I would move that we start with the Chairman’s mark as original text for purpose of an amendment, and no amendment be in order that would have the effect of increasing the deficit – specifically – an amendment [that] would increase spending or reduce revenues relative to the plan on the table. The amendment would have to cut spending or increase revenues at least an equal amount year by year, even into the outyears. And, furthermore, an amendment cannot rely on offsetting spending cuts or revenue increases that are not real and lasting, no smoke, no mirrors, no asset sales or like proposals that do not reduce the demand for credit. And then the Committee will create a separate procedure in which it might recommend certain asset sales with the proviso that receipts from those sales would not be counted as deficit reductions.

Senator Domenici – My only concern with the Chairman’s motion, to the extent that it contains language motivated by the desire that there not be a one-shot savings to take the place of something that has a multiyear effect, [I have] no objection. But I do have some concern for the breadth of the language with reference to anything having to have four-year implications that are the same. I believe that is asking too much of members. I think if somebody has serious programmatic changes that have a serious reduction, but it is not identical [on a strict year by year basis], but nonetheless multiyear, I think it ought to be in order.

Chairman Chiles – Let’s see if we can work that out.

Senator Domenici – So I do not need any changes so long as the Chairman says if somebody has such an amendment, we would look at it. You really want a multiyear effect in the amendments or they should be out of order. [But] they should not have to be identical in each of the four years.

Chairman Chiles – No, they would not have to be, not have to be.

Senator Domenici – On second thought, I have been thinking about your proposal. . . And if this Committee wants to limit itself in terms of amendments, they can. I think everybody should know. . . this is a far more stringent rule than applies to the United States Senate on the floor.

Senator Boschwitz – Mr. Chairman, it is not clear to me why you are seeking to introduce this truth-in-budgeting motion. We have not had anything like that on this Committee in the past, and, you know, we have allowed amendments of all kinds to come forward . . . [W]hen this side was in the Majority, the Minority at that time offered many, many amendments for the purpose of getting people on the record. . . and I would agree with Senator Domenici that this is a precedent that, it is not clear to me, why it needs to be established. . . I would respectfully say to the Chairman that [his motion would be] holding amendments to a higher level, or a higher standard, than he is holding his own mark [to], and I move that we start with the Chairman’s mark [and hold it to the standard in the Chairman’s motion].

NEWBIE CORNER: BUDGET FUNCTIONS

We would like to introduce a new addition to the Budget Bulletin, Newbie Corner. Newbie Corner will introduce budgetary concepts and processes to people interested in learning more about the wonderful world of federal budgeting. So where to start? Have you ever had a conversation like this:

Joe Citizen: What budget issues do you handle?
Budgeteer: I handle 300 and 350.
Joe Citizen: ???
Budgeteer: I also have 270 experience.
Joe Citizen: I have no idea what you are saying.

The confusion above stems from the budgeteer relying on the functional classifications used in the budget, known as budget functions, instead of talking about specific programs or agencies. So where do functions come from, what are they, and why should you care?

- The desire to categorize federal spending by national need or purpose has roots going back 200 years, though our current budget function classification system evolved from a structure first put in place in 1948 and later refined by the Congressional Budget Act of 1974.
- Budget functions organize budget data, such as budget authority and outlays, based on activities with similar goals, instead of the specific program or the federal agency conducting the activity. Most federal spending accounts will be assigned to a single function based on its primary purpose.
- There are 20 major functions, 17 of which are focused on purpose—such as national defense (050), transportation (400), and energy (270). The remaining three functions—Net Interest (900), Allowances (920), and Undistributed Offsetting Receipts (950)—

do not focus on a specific need but are included to capture all federal budget activity. (Note: while not discussed here, most functions also contain subfunctions to further specify purpose).

- Budget functions are used to establish spending levels in congressional budget resolutions, can be found in the volumes that accompany the President’s budget request each year, and (in subfunction form) are found in each account of the annual budget Appendix.

More information related to the functional classification system used in the federal budget can be found [here](#) and [here](#).

Budget Functions

050 National Defense
150 International Affairs
250 General Science Space and Technology
270 Energy
300 Natural Resources and Environment
350 Agriculture
370 Commerce and Housing Credit
400 Transportation
450 Community and Regional Development
500 Education, Training, Employment and Social Services
550 Health
570 Medicare
600 Income Security
650 Social Security
700 Veterans Benefits and Services
750 Administration of Justice
800 General Government
900 Net Interest
920 Allowances
950 Undistributed Offsetting Receipts