

**Fixing a Broken Budget and Spending Process:
Perspectives of Two Former Chairmen”
May 14, 2019
Senate Budget Committee**

Testimony of Former Senator Judd Gregg

Fixing the Budget

The primary reason that the congressional budget process is not functioning is that it requires difficult decision. This is something the Congress is not good at doing.

The budget exercise is also structured to guarantee significant partisanship and turf confrontations.

The rules which govern the process and are already in place would lead to an effective budget procedure and product if the factors mentioned above were not in play, but they are, so the whole thing does not work.

Thus, the country often does not have a federal budget and even when it has had some semblance of a budget in place over the last decade or so, it has had little practical impact on disciplining federal spending or tax policy.

To fix this problem, and actually have the Congress produce budgets that are meaningful and effective, there needs to be fundamental change.

Adjustments must address the causes of the breakdown in the present budget process. These causes are:

1. The hyper-partisan nature of the manner in which the budget is developed. The budget is the only major legislation that is structured to be a product produced purely along partisan lines. The majority party has to write and pass a budget with only its members' supporting it. This guarantees significant opposition to any budget by the minority.
2. Other committees, especially Finance and Appropriations in the Senate, see the Budget Committee's product, i.e. the budget, as a threat to their jurisdictions and areas of responsibility. Thus, the budget inevitably runs into and is often undermined by the need and desire of other committees to protect their "turf".
3. The actual form that the budget takes does not relate to or give visibility to the core problems that a budget should address. It is too appropriation centric. It does not tie into the issues of the size of the debt in a formal way. It rarely effectively addresses two thirds of the spending of the government which involves entitlements or revenues. It is not set up to separate out capital spending, federal personnel policies or unused funds. It has no comprehensive way to address major federal spending areas like healthcare that cuts across multiple committees and involves both discretionary and entitlement spending. It is simply dysfunctional in its structure.

In order to address these issues there needs to be a major re-thinking of the approach to developing the Federal Budget.

The Budget Committee itself should be re-constituted.

It should be made up in large part of the senior members of the committees most affected by the product. This would create a greater likelihood of buy in from these powerful committees and reduce the forces that are naturally at odds with the effort. One third of the Budget Committee should be from Appropriations, one third from Finance and one third from the general membership. The respective party leaders should choose the chairperson and ranking member from the general membership.

The Budget Committee should be a bi-partisan committee. It should have its membership divided fifty-fifty between the parties with the chairperson being from the majority party. This would mean that both parties would have take responsibility for producing a budget or blame for the failure to do so. It would also reduce the partisanship of the execution of the actual budget and would increase significantly the forces that would drive toward reaching consensus on complex issues that require consensus to make progress like healthcare reform and tax reform.

The budget goals should be set in terms of the debt to GDP ratio and if possible the same type of ratio should be used to set limits on spending and tax policy.

No appropriation bills should be allowed to move to the floor without a budget, including an omnibus bill. Spending on discretionary accounts and on major entitlements should be reduced by five percent from the prior year and revenues from the FICA and HI taxes should be increased by five percent if no budget is passed. This would put extreme pressure on the bi-partisan committee and the Congress to produce and pass the budget.

The three largest areas of Federal entitlement spending should be broken out as a separate items. Congress should have the authority to direct its review to reach certain goals relative to spending in context of the debt to GDP ratio with a structure that crosses committee lines of jurisdiction and engages all the affected committee in a single process of review.

A capital budget process should be added that coordinates all the committees of jurisdiction.

Points of order for violating budgeted amounts should vary in the degree of difficulty to override using an up to a 67-vote threshold depending on the size of the excess spending or tax reduction.

The actual budget should be drawn up based on a two year structure with five- and ten-year instructions and estimates.

A budget organized along these concepts would dramatically increase the likelihood that the largest government in the world, a government that is spending over four trillion dollars a year, would actually have a functioning budget.

It would create a disciplined approach to spending and tax policy and would increase significantly the American people's confidence in their government and the Congress.

Such an approach would border on revolutionary. It would also be a nice way to govern.