

Testimony of

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Thank you, Chair Kilmer, Vice Chair Graves, and Members of the Select Committee on the Modernization of Congress, for the opportunity to testify. I am honored to present the proposals that members of the Convergence Building a Better Budget Process (B3P) project developed to improve the federal budget process. My testimony will describe the consensus agreement that project participants reached on five proposals.

Background

Founded in 2009, Convergence is a national nonprofit that seeks to bring individuals and organizations with divergent views into a dialogue about topics of national importance. Convergence hires project staff to organize the dialogues and provide expert advice to the group. In addition, it hires a professional facilitator to ensure a productive dialogue process where every stakeholder is heard. You can learn more about Convergence and their projects on their website, www.convergencepolicy.org. Please note that Convergence does not endorse recommendations or proposals from any of their projects. Convergence views this work as that of the stakeholders and not Convergence itself.

The B3P project originated in 2015 when Convergence was approached by the Hewlett Foundation's Madison Initiative about organizing a project on federal budget process reform. Their goal for the project was to elevate the voice of the stakeholders through organizations that represent sectors and individuals across the country that are affected by or rely on federal revenue and spending decisions. With a generous grant from the Hewlett Foundation and additional support from the Stuart Family Foundation, the first phase of the project began.

The first phase was an intensive period of interviews and research to determine interest in the topic and a frame for the dialogue. During this assessment phase of the B3P project, the goal of the stakeholder interviews was two-fold: first, to learn more about how the federal budget process affects a wide array of constituencies; and second, to identify possible participants in the dialogue phase. After interviews with more than 100 individuals who represented the breadth of sectors, interests, and ideologies in the federal budget process, a consensus emerged that the current process is indeed broken. Time after time, no matter their own belief or constituency represented, interviewees lamented the failings of the process. Many had ideas for how to fix it. From major defense contractors to small non-profits, everyone wanted change.

Hearing the demand for a conversation, the project moved into the second phase in which Convergence invited 24 stakeholders—many of whom were interviewed during the assessment phase—to participate in a facilitated dialogue. They included both budget experts and advocates representing major sectors and key constituencies such as: children, millennials, and the elderly; armed services personnel and veterans; professors and students; health care providers and patients; as well as business owners and state officials. For the next 16 months, participants met under the guidance of the Convergence B3P staff and a professional facilitator with decades of experience helping groups with divergent interests find common ground and reach consensus. And B3P participants did just that—we reached consensus, and we authored a report with the assistance of the Convergence staff.

As a final bit of background, I wish to share with you why I joined the Convergence B3P project. For the past two decades, I have worked at the Association of American Universities (AAU) and one of its member institutions. The students, professors, researchers, and administrators at AAU member research universities are all negatively affected by the dysfunctional federal budget process. Important medical research is delayed, experiments that hold the promise of new innovative technologies are put on hold or protracted, student aid decisions are held up, and long-term planning decision-making is made more complex and time-consuming because Congress does not complete its most basic constitutional obligation—funding the government. This is highly inefficient. It wastes time and institutional and taxpayer resources that would otherwise be used to advance their educational missions of teaching, research, and service. I chose to participate in the Convergence B3P process for this reason and in the spirit of what the people at research universities strive to do every day—address and solve difficult problems facing our nation. AAU endorsed the Convergence B3P proposals for the same reasons.

Principles, Themes, and Proposals for Budget Process Reform

Using the Constitution as the foundation, the B3P group developed nine principles and four themes in crafting five proposals for improving the federal budget process.

Principles

Our principles for a better process emerged from deliberative dialogue. At our first meeting in November 2016, the discussion focused on the problems with the budget process. Using sticky notes, the participants filled multiple walls with comments on how the process was working and how it was not. The comments overwhelmingly noted the failings of the process. Discovering this only hardened the resolve of participants to reach consensus on a meaningful set of reforms. It also provided common ground for discussing foundational principles for building a better budget process. We agreed on nine principles. We believe the budget process should be:

Comprehensive: The budget process should consider and oversee all of the government’s financial resources, spending and revenue of all kinds, over the short and long-term.

Unbiased: The budget process should not tilt toward a specific outcome, or ideology.

Strategic: The budget process should develop and establish a plan that includes clear and achievable goals for fiscal policy and guides budgetary decision making.

Inclusive: The process should allow for differing viewpoints, including majority, minority, and stakeholder opinions, to be presented and discussed in an open and structured debate.

Durable: The budget process should be durable across administrations, Congresses, the political environment, the economic climate, and time.

Informed: The budget process should be informed by objective, independent, non-partisan, and high-quality data that is accessible to all users.

Transparent: The steps of the budget process should be clear and understandable to all users including lawmakers, executive agencies, and the public.

Predictable: The budget process should be completed according to meaningful and achievable deadlines.

Simple: The budget process should be as straightforward as possible.

These principles guided the development of our reform proposals and provided a benchmark for evaluating them. These principles suggest that a better budget process would follow clear steps on a predictable timeline, be shaped by open debate, and enable decisions that rely on objective data and do not favor a specific ideology.

To the latter point, the unbiased principle is the one that I believe is especially important. An unbiased or neutral process does not favor any policy outcome or political ideology. An unbiased process affords trust in the process because people with differing views understand that while they may want different outcomes in the budget, they know the process will not disadvantage their ability to achieve their desired outcomes.

Themes

During our discussions four themes emerged that informed the development of our proposals. The first theme is that elections drive outcomes. The ultimate incentive for lawmakers to address any issue—including the federal budget—is whether or not their constituents care about it and the extent to which it influences their vote. The second and third themes are that credible information, provided at the right time, matters and that effective budget institutions are crucial to the production of trusted information. Indeed, as our dialogue progressed it became clear that the most successful and meaningful components of past process reforms were those that created new budget institutions, e.g., the Congressional Budget Office (CBO), that provided more and better information to Congress and the president.

The final theme is that new norms are needed to break bad habits. No one inside or outside the Beltway expects “regular order” for appropriations bills where continuing resolutions are unnecessary. For any budget process to work, policymakers will have to want it to work—and see the value in it doing so. It will take a concerted effort on the part of lawmakers—especially the congressional leadership—to make changes last and become part of a new norm where Congress expects the budget process to work and be completed on time.

Proposals

Through the lens of their own experience and ideology, or the priorities of their organization and the people it represents, each stakeholder may have an individual opinion about what policy options would best fix the process. However, our five proposals are based on consensus, and consequently, they reflect compromise. My colleagues and I do not believe these five reforms will yield a perfect process. However, we believe that taken together, the proposals contain practical, achievable, and important measures that can be developed and expanded to implement a process that facilitates informed, unbiased, and sound decision making that yields logical decisions reflecting the will of Americans.

I. Budget Action Plan

The first and most substantial proposal is the Budget Action Plan. This proposal synchronizes the budget process with the electoral and governing cycle. It sets the expectation that each new Congress should adopt a two-year budget that is signed into law by the new or continuing president. This reflects current practice, in which two-year deals have been reached to adjust the 2011 Budget Control Act discretionary caps. However, unlike the current practice of legislating a budget after the first of the two fiscal years covered by the budget is already underway, our proposal moves consideration of the Budget Action Plan to the beginning of each new Congress. Our intent is to set a new expectation and norm that the budget is determined well in advance of the beginning of the next fiscal year so that the Appropriations and other budget-implementing committees have adequate time to complete their work.

The Budget Action Plan has three required elements and one optional provision. First, it sets discretionary spending levels for two years. Our proposal does not prescribe how the discretionary spending levels are categorized (i.e. one discretionary spending cap, separate defense and non-defense spending caps, or a separate security and non-security cap). We leave this decision to Congress, as well as decisions about whether or not to include other sub-allocations for a group of programs, such as infrastructure or education. Under our proposal, appropriations that stem from the budget could be made annually or biannually.

Secondly, the Budget Action Plan lifts the debt limit by any shortfall agreed to in the legislation. For example, if the Budget Action Plan for FY2020-21 resulted in a \$100 billion deficit, then the debt limit would be increased by \$100 billion.

Thirdly, the Budget Action Plan would authorize a look-back report prepared by the Congressional Budget Office (CBO) or the Budget Committee. The report would examine: any difference in appropriations bills and the spending levels passed in the Budget Action Plan; how any reconciliation bills compare to instructions passed in the Budget Action Plan; and how enacted legislation affects the long-term fiscal outlook as highlighted in the Fiscal State of the Nation, our second proposal that is described in the next section.

Finally, the Budget Action Plan allows Congress the option to consider one reconciliation bill per fiscal year. This is a change from the current reconciliation rules whereby Congress may consider up to three reconciliation bills in a year—one for deficits/debt, one for revenues, and one for spending. To reconcile spending and revenues, the group agreed only one set of instructions per year was necessary, as it is nearly impossible to divorce discussions about spending and revenues.

Please note that the Budget Action Plan would not preclude Congress from passing a budget resolution. My colleagues and I recognize budget resolutions can be useful tools to outline the governing vision of the majority party, minority party, or some other congressional subset or caucus, particularly when party control in one or both chambers of Congress is different than that of the president. However, we propose that any budget resolution should comply with the Budget Action Plan. Namely, the spending and revenue levels in the first two years of any budget resolution should match those specified in the Budget Action Plan.

II. Fiscal State of the Nation Report

Our second proposal requires the CBO to produce a quadrennial report outlining key information about our nation's finances. This "Fiscal State of the Nation" would be published in such a way that allows citizens who are not budget experts or Washington insiders to understand taxes and other federal revenues and how and on what the government spends taxpayers' money. The CBO would time the report's release to have the greatest impact during the presidential election cycle. A primary goal of the Fiscal State of the Nation report is to bridge the gap between what Americans think they know about federal spending and revenue, and the reality.

The Fiscal State of the Nation report would include: long-term projections for the next 25 years including debt, deficits, interest payments, revenues, and spending; a selection of alternative projections including those from governmental sources such as the Trustees of Social Security and Medicare; a breakdown of all major revenues sources and tax expenditures organized to show which Americans pay taxes and which taxpayers benefit from tax expenditures; a discussion of trends inside the portfolios established by the portfolio review (see the third proposal in the next section); and any estimated shortfalls in long-term spending programs that are funded by dedicated revenues. My colleagues and I believe such a report would provide the American people with a comprehensive picture of the nation's finances, elevate public discussions about the federal budget, and help voters make more informed choices at the ballot box.

III. Periodic Long-Term Reviews for Major Programs

Our third proposal aims to provide more information about the nation's long-term finances by requiring periodic, long-term reviews for major programs by the Government Accountability Office (GAO). Every four years, the GAO would conduct a review of programs that have commitments outside the 10-year scoring window to consider promises, commitments, and goals of the programs within a portfolio. In so doing, GAO would study expenditure projections for each portfolio under various programmatic assumptions for the next 10 to 25 years; look at the recent performance of a portfolio, project performance for the next 10 to 25 years, and provide recommendations for how to improve the program; and, finally, conduct a "stress test" of programs to see how they would perform in extreme scenarios, such as a major recession or a two-front war. This information would then be included in the Fiscal State of the Nation Report.

The Budget Committees would define the portfolios to be studied, as well as determine the review schedule. The goal of this proposal is to ensure Congress has high-quality information, on a consistent basis, when considering potential changes to revenues and mandatory spending. This would be similar to the way discretionary programs undergo review as part of the annual appropriations process.

IV. Strengthen the Budget Committees

Our fourth proposal is to strengthen the Budget Committees. Created in the 1974 Congressional Budget and Impoundment Control Act, the Committees have proven effective at managing the budget process in the past. However, as budget decisions have become more centralized in recent years, the Budget Committees' stature and capacity to manage the budget process has waned. To restore the standing of the committee, we propose the Chairs and Ranking Members of key fiscal committees, or their designees, serve on the Budget Committees. Any remaining members would be appointed to ensure the majority-minority balance on the Budget Committees reflects each chamber's composition. The Budget Committees would also develop and execute the Budget Action Plan and have oversight over the production of the Fiscal State of the Nation Report and GAO's periodic portfolio reviews. Ideally, this proposal would change how Congress and outsiders perceive the Budget Committees and ensure that those who are responsible for operationalizing the Budget Action Plan through appropriations and authorizing legislation are involved in its development and vested in the process.

V. Budget Support Agencies

Our fifth proposal calls on Congress to give budget support agencies such as CBO, GAO, and the Joint Committee on Taxation the resources necessary to provide Congress, the administration, and the American people with credible, high-quality, and independent information. Our proposals include new responsibilities for these institutions, so it is important these institutions have sufficient resources to perform their current and proposed responsibilities.

You will notice our proposals do not include many ideas that have been proposed by others such as: restoring earmarks, creating triggers for automatic continuing resolutions, moving the start of the fiscal year, abolishing the Budget Committees, or establishing penalties for inaction such as "no budget no pay." Our group discussed these and many other ideas but ultimately, we did not include them because we could not reach consensus agreement. In most cases, ideas were excluded because they did not meet our nine principles for process reform or our judgment was they would not substantively improve the process and might even make it worse.

Taken together, our five proposals have the potential to improve the federal budget process. They also have the additional benefit of addressing the nine principles and four themes we identified in developing our proposals. We believe the proposals were a strong starting point for the Joint Select Committee on Budget and Appropriations Process Reform, which incorporated elements of our proposals such as: biennial budgeting and changes to the Budget Committees. We commend our proposal to the Select Committee as you consider potential budget process reforms

In closing, I will offer a shared view among the Convergence B3P participants. Namely, no single budget process reform or package of reforms can by themselves remedy the prevailing dysfunction. Process reforms alone cannot force policymakers to reach budget agreements. But process matters, and changes—small or large—that Congress decides to adopt can create ownership and buy-in for new expectations and norms for determining and managing our nation's finances.

Budget process only works if there is sufficient political will to make it work. Our group was encouraged by the creation of The Joint Select Committee on Budget and Appropriations Process Reform and it is heartened that this Committee to modernize Congress requested this testimony because it is consonant with our view that the political will to make the budget process work is present and growing.

On behalf of all the Convergence B3P project participants, I thank you for the opportunity to testify on our ideas to make the federal budget process work better. We wish you great success in your work that is critical to the governance of our nation.