

HOUSE BUDGET GIVES GOVERNMENT REFORM COMMITTEE UNPRECEDENTED POWER TO CUT PROGRAMS IN OTHER COMMITTEES' JURISDICTIONS

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The budget plan that the House of Representatives passed on March 21, 2003, includes a "reconciliation directive" that requires 13 House committees to cut mandatory programs by specified amounts. This directive also gives vast, unprecedented authority to the House Government Reform Committee to cut programs in other committees' jurisdictions.

- In general, all committees are required to cut mandatory programs in their jurisdictions by about the same percentage, except for the Government Reform Committee. It would be required to produce deeper cuts. The Government Reform Committee would be required to produce cuts of \$38.5 billion over ten years. This is \$11 billion *more* than if Government Reform programs were cut by the standard percentage applied to mandatory programs under the jurisdiction of other committees.
- This larger reconciliation direction to the Government Reform Committee is accompanied in the House budget by a provision empowering that committee to cut programs *outside its own jurisdiction*. This authority is without precedent in the history of the congressional budget process.

Under the House budget plan, the Government Reform Committee could approve cuts in *any* mandatory program. Thus, while military retirement, unemployment compensation, and Medicare are intended to be exempt from "reconciliation" reductions according to the Budget Committee chairman, no rule would prevent the Government Reform Committee from meeting its \$38.3 billion target in part by cutting those three programs, if it chose to do so. The Government Reform Committee likely would leave these three programs untouched. But it could seek savings in student loans, the school lunch program, or any mandatory program other than Social Security. Given a choice between cutting its own programs (and constituents) and cutting someone else's, what would the Government Reform Committee be likely to do?

The "Waste, Fraud, and Abuse" Canard

The House Budget Committee has asserted that the \$265 billion in required cuts in mandatory programs it contains are designed to reduce "waste, fraud, and abuse." For 20 years, this has been a standard line used to advance large cuts in mandatory programs without identifying the specific eligibility or benefit reductions that would be entailed or the specific anti-fraud or abuse measures, for that matter, which usually fail to materialize or to generate more than a small amount of savings. The Budget Committee's "waste, fraud, and abuse" rhetoric may be its justification for allowing the Government Reform Committee to cut programs outside its jurisdiction.

Such a justification, however, does not withstand scrutiny.

- The most effective way to reduce incorrect payments in government programs is to provide substantial additional staff and computer resources to agencies that check the validity of claims. To do that, however, generally entails substantial increases in appropriations for staff and computer systems, as the General Accounting Office points out. The House budget plan provides no such increase in appropriations. To the contrary, it cuts the amounts provided to the Appropriations Committees for domestic discretionary programs by \$244 billion over ten years (below the CBO baseline). It cuts domestic appropriations \$15 billion below the baseline in fiscal year 2004 alone.
- Most major entitlement programs have systems that have been developed over a number of years to combat fraud, waste, and abuse and that are periodically retooled and strengthened. Designing legislative changes that can somehow produce very large additional savings (without significantly harming eligible beneficiaries) is quite difficult. To the extent that OMB and other federal agencies have been able to identify ways to do this, such proposals generally are already reflected in the President's budget.
- To the degree that legislation can be designed to achieve further savings in this area without undermining the basic purposes of these programs, the committees of jurisdiction are the appropriate bodies to do so, rather than the Government Reform Committee, which lacks expertise in programs outside its jurisdiction.
- Some may contend that the Government Reform Committee is the sole committee that can address such government-wide issues as procurement reform. Any such contention would not be relevant here. With procurement reform, the federal government might be able to buy high-quality goods or services somewhat more cheaply. But most such government purchases are financed by annual appropriations. These purchases are for *non*-entitlement programs, such as military procurement or highway construction. Moreover, if procurement reform makes purchasing cheaper, the Appropriations Committee can use its allocation to buy more; it does not have to return some of its allocation unused. For this reason, the Congressional Budget Office does not score procurement reform as reducing expenditures, and Senate budget rules *prohibit* including procurement reform and related measures in "reconciliation" bills.

Two conclusions emerge from this discussion. First, it is eligibility and benefit levels for basic benefit programs that will primarily be affected rather than "waste, fraud, and abuse" if the House reconciliation directive survives conference. Second, under the House budget, the cuts that any House committee must make in its own programs could be enlarged by cuts in those same programs made by the Government Reform Committee.

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