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PROPOSAL FOR A “ONE-PAGE BUDGET RESOLUTION” POSES SIGNIFICANT PROBLEMS

by Richard Kogan

When the House of Representatives considers legislation to alter the budget process in late June or soon thereafter, one amendment that may be offered is a proposal to shrink the Congressional budget resolution by removing the figures for each of the 18 budget categories known as budget “functions.” The budget figures for these functional categories — such as education and social services, health, veterans programs, transportation, agriculture, environment and natural resources, and science and space programs — would no longer be included in the resolution. The budget resolution would only provide overall figures for a few very broad types of spending, such as non-defense discretionary spending, defense spending, and entitlement spending.

Such a proposal may seem appealing at first blush, since it would make budget resolutions simpler. But it has three serious drawbacks.

- **Risk of inadequate appropriations ceilings.** There is serious risk that the amount the budget resolution makes available to the Appropriations Committee for the annual appropriations bills would be set too low for appropriations bills to pass. The total amount allowed for non-defense discretionary programs would be set with less consideration (and less knowledge) on the part of Members of Congress of what that amount could mean for education, environmental protection, health research, veterans programs, transportation, and other areas of interest.

It is easy to rail against “spending” in the abstract. But budget resolutions need to provide adequate amounts to meet national needs and to enable appropriations bills to pass. Removing from the budget resolution the basic information on how the totals reflected in the resolution could affect the various parts of the budget would make the budget resolution into a less useful and less informative document and could lead to discretionary ceilings being set at levels that are too low.

In particular, floor amendments to reduce the overall level of discretionary (or entitlement) spending in the budget resolution would be easier to pass, since such amendments would no longer need to indicate which areas or programs would be intended to be cut. Moreover, consideration of amendments to cut the overall level of non-defense appropriations allowed under the budget resolution could be marked by misunderstandings; various Members and constituencies might be

assured privately that their concerns would be accommodated in the ensuing appropriations bills, yet doing so could prove impossible because the overall appropriations ceiling had been set too low.¹

- **Risk of weakening fiscal discipline.** Experience teaches that when overall discretionary spending ceilings are set at unrealistically low levels, the ceilings are often breached. And when such ceilings are breached, *no* enforceable ceiling remains, and the sky may become the limit. If so, the final result can be *higher* overall spending than if a reasonable target had been set to begin with. When the total amount for discretionary spending is

developed as part of a process that includes consideration of the funding levels for various budget categories that people generally understand, the total amount allowed is more likely to be set at a realistic level.²

- **Shortcircuiting debates on priorities.** Budgeting is not just about setting bottom lines such as total spending, total revenues, and the size of the resulting deficit or surplus. It also is about setting priorities. Within a given, limited amount of resources, should Congress shift priorities between (for example) education and space research, or between veterans' medical care and natural resources? In many years, consideration of congressional budget plans provides the principal opportunity that Congress has to debate and provide guidance to the various committees on questions of budget priorities. This opportunity would be lost under the proposal.

The 18 Budget "Functional Categories"

National defense;
International affairs;
General science, space, and technology;
Energy;
Natural resources and environment;
Agriculture;
Commerce and housing credit;
Transportation;
Community and regional development;
Education, training, employment, and social services;
Health;
Medicare;
Income security;
Social Security;
Veterans' benefits and services;
Administration of justice;
General government;
Net interest.

Two other budget functions, "allowances," and "undistributed offsetting receipts," do not include ongoing programs.

¹ The committee report on the budget resolution would still list the functional totals, but because the totals would not be in the budget resolution itself, floor amendments that changed the overall amount for non-defense discretionary spending would render obsolete the amounts shown in the committee report for the various budget functions.

² Some may argue that the total amount provided for discretionary spending in the budget resolution is generally taken from the President's budget rather than developed through the process outlined there. That has not been the case, however, in most years. Particularly when the President and Congress are from different parties, the budget resolution levels for discretionary spending are *not* simply a reflection of the amount shown in the President's budget.

The remainder of this analysis elaborates on these points.

Background

The Republican Study Committee, a group of conservative House members, has advocated “simplify[ing] the current budget” by replacing the 18 budget functions with a one-page budget that establishes spending levels only for five broad spending categories: mandatory spending, non-defense discretionary spending, defense spending, interest, and emergency spending. This proposal is included in both H.R. 3800, legislation introduced by Rep. Jeb Hensarling and more than 100 co-sponsors. It also is reflected in H.R. 3925, introduced by Rep. Mark Kirk and about 20 co-sponsors.

Establishing Enforceable Limits

When specific appropriations bills are before the House, Members get a clear sense of whether the funding levels are adequate to meet current policy preferences or are too tight. If the funding levels are too tight, there is a strong chance that appropriations bills will not be able to pass the House and Senate until an agreement is reached with the Leadership to set aside the overall ceiling on appropriations bills. Obviously, figures that are too loose do not restrain spending either.

In crafting budget resolutions, the Budget Committees thus must set spending levels that *both* place some discipline on the budget *and* reflect political reality. Budget resolutions historically have sought to set figures that are tight enough to be meaningful but not so tight as to be unenforceable.

There is logic to such an approach. The Concord Coalition, a budget watchdog group, has concluded that when the appropriations ceiling is unrealistically tight, appropriations can end up at a higher level than if the ceiling has been set at a more realistic level to begin with. If the figures are too tight, Congress may ultimately decide to ignore them or may evade them through the use of budget gimmicks. In such a case, there is no alternative, somewhat higher ceiling in place; as a result, once the appropriations ceiling set in the budget resolution has been breached, the sky may be the limit. In September 2000, when the excessively tight caps established in the 1997 budget legislation were supposedly in force but were being ignored and no obvious alternative existed, Concord wrote:

Without credible caps on discretionary spending, what comes next is likely to be a messy, arbitrary expansion of government spending based not on policy priorities but on interest-group clout and the leverage of powerful legislators... It is time to acknowledge the obvious — the 1997 spending caps are dead. In effect, there are no caps, which means that policymakers are now operating in an “anything goes” environment. This is detrimental to both fiscal discipline and the credibility of the budget process. ... Rules that are routinely violated are worse than no rules at all

because they fail in their basic purpose to control spending and they breed contempt for the budget process by encouraging gamesmanship and chaos.³

The current system for developing budget resolutions — under which funding levels for the 18 budget functions are shown in the budget resolution, and floor amendments making changes in the overall discretionary funding levels must make corresponding changes in the budget functions — is more likely to produce overall discretionary funding ceilings that both impose discipline and are politically realistic than the proposed system, under which Members would vote on a budget resolution or amendments to it without being provided sufficient information to know the implications of the funding ceilings being considered.

Debating Budget Priorities

The 18 budget functions are a useful feature of the Congressional budget resolution. While the funding amounts shown in the budget resolution for each budget function are not binding on the Appropriations Committees, experience suggests that when Congress devotes considerable time and attention to the levels included in a budget resolution for specific functional areas, the Appropriations Committees (and other committees of Congress) tend to take heed. They generally allocate funds among the appropriations subcommittees and craft appropriations bills and other legislation to accommodate, to some degree, the priorities that the budget resolution reflects.

Although not binding, debates and votes on the levels set in the budget resolution for specific budget functions consequently play a role in the task of setting budget priorities. Moreover, in many years, debate on the budget resolution is the principal opportunity that most Members have to consider the relative merits of the various parts of the budget and to make trade-offs among them. By the time that Congress focuses on specific appropriations or entitlement legislation, it generally is too late to make the broad trade-offs that some Members may seek. If funding levels for the various budget functional categories are removed from the budget resolution, the opportunity for Members of Congress to weigh one set of programs against another will be diminished.

³ Concord Coalition, “Discretionary Spending Caps: What Next?” Issue Brief, September 11, 2000.