

Testimony of Martha B. Coven
Hearing on
"Opportunities to Significantly Improve the Federal Budget Process"
Joint Select Committee on Budget and Appropriations Process Reform
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Co-Chairs Lowey and Womack, and members of the Joint Select Committee, thank you for inviting me to testify today. My name is Martha Coven, and I currently teach the federal budget process, among other subjects, to graduate students at Princeton University's Woodrow Wilson School of Public & International Affairs. I previously served as a Program Associate Director at the Office of Management and Budget (OMB), overseeing the budgets of the Department of Education, Department of Labor, Social Security Administration, and several other agencies. Earlier in my career, I was a staff member in the House of Representatives. So I've experienced the budget process from both ends of Pennsylvania Avenue.

When I arrived at OMB in 2011, I had no idea I would soon acquire such skills as:

- how to implement a mid-year sequestration (including how to furlough staff);
- how to prepare to hit the debt ceiling;
- how to structure exception apportionments under protracted continuing resolutions; and
- how to manage the government during shutdowns, including how to determine when a situation has become so precarious that there is a threat to the safety of human life under the Antideficiency Act, allowing certain funds to be obligated.

So much wasted energy has gone into tasks like that over the last several years. So I commend the Congress for forming this committee, and all of you for seeking to improve the process.

As a further sign that it's time to rethink things, I found myself earlier this year cutting dozens of pages from my syllabus. Teaching students how Congress assembles and enforces a budget

resolution felt quaint, to put it mildly. My hope is that I have only temporarily lightened my students' load, and that by this time next year, they will be reading about the well-considered reforms you have produced.

Reflections on the Existing Process

However imperfect a tool the Congressional Budget Act of 1974 has become, it has left an important legacy. To start with, it created the Congressional Budget Office, which has served for more than 40 years as a neutral voice telling it straight to members of both parties. CBO's contributions are essential to the integrity of the budget process.

More broadly, as the saying goes, plan beats no plan. It's better to have some budget framework, some rules, especially if the alternative is a completely aimless and unstructured process. The Budget Act has had a pretty good run, if you look back over time. Its framework and complementary measures like the PAYGO rule helped guide Presidents and Congresses of both parties through the 1990s to a situation where we fleetingly had a budget surplus, even. So I would caution you against tearing up the existing rules until you are certain you have a better approach.

Recommendations for Improving the Process

A wise colleague once observed to me that budget rules are much better at *enforcing* agreements than at *forcing* them. What we most need is for Congress and the President to set responsible fiscal goals and make tough choices consistent with the values of the American people. As important as the work of this committee is, it can only go so far in addressing that fundamental challenge.

That said, there are three specific measures I would urge you to consider.

1. Restructure the appropriations calendar to match the congressional calendar. It has become laughable to imagine that appropriations bills could be done anywhere close to September 30. Chronic delays in the appropriations process make implementation difficult, and get in the way of the shared bipartisan goal of making the most efficient, effective use of whatever federal dollars are appropriated.

Your jobs may be done when you finally pass the bills, but for everyone else involved in the process, the work is just beginning. The practice of not providing final funding levels until well into the fiscal year is frustrating not only to federal agencies but also to the many other individuals and institutions across the country whom we ask to carry out activities with those funds, including state and local governments, nonprofit organizations, and private contractors. It's hard to make smart decisions or do good planning if you have to scramble mid-year just to get the money out the door.

I can also tell you from first hand experience that it is challenging to develop—and sometimes even release—a President's budget for the coming year when Congress still isn't close to finishing its work from the previous year.

Nothing can fully prevent delays, particularly when they stem from an inability to reach agreement across parties or between chambers. But two steps would reduce these delays and help restore regular order.

- First, **consider shifting the federal fiscal year to the calendar year.** Both Congress and the President take office in January, so it makes sense to treat that as the start of the budget year as well. You would have the full year to get your work done, and legislation does tend to get wrapped up in December, as jingle bells start to chime. There could still be delays in some years, particularly if control of Congress shifts or there is a newly elected President. But the delays would be shorter, which makes a big difference when it comes to implementation.
- Second, **at the beginning of each Congress, both chambers and the President should negotiate aggregate discretionary levels for the next two years.** You've done this three times already, through Bipartisan Budget Acts, but not at predictable times or in standardized ways. Make it one of your first orders of business to set the top lines and the appropriations process will go much more smoothly.

2. End the debt ceiling brinksmanship. Ordinary legislation is the proper instrument for making spending and revenue decisions. Indulging in buyer's remorse after the fact, when Treasury is poised to pay the bills, risks damaging our economy and harming vulnerable citizens. A sensible solution would be to eliminate the debt ceiling altogether, as experts affiliated with both political parties have proposed.

3. Reserve reconciliation for deficit reduction. Reconciliation should be used for the politically difficult work of deficit reduction, not the politically convenient work of cutting taxes or increasing spending. Making reconciliation bills filibuster-proof facilitates the enactment of deficit reduction legislation, which is hard to assemble and painful to pass, yet sometimes necessary. Using reconciliation to swipe the nation's credit card makes no sense. Congress

should return to the historical practice of requiring reconciliation bills to be fiscally responsible, by reinstating something like the Conrad rule.

More generally, I encourage you to approach your task in a politically-neutral manner. Efforts to stack the deck in a progressive or conservative direction will hamper your ability to carry out your mission. Future Congresses need to retain the flexibility to make decisions about the appropriate levels of revenue and spending to meet the changing economic needs of their time and stay true to the values of the people they represent. You can provide a framework for making those decisions, but you can't make decisions for them. To that end, I encourage you to set aside proposals that would establish rigid targets or enforcement mechanisms that aim to steer mandatory spending or revenues in a particular direction, or to lock our nation onto a particular fiscal path without knowing what the future holds.

In the end, there is no substitute for the hard work of identifying specific changes in tax and spending laws to guide our nation onto a fiscally responsible course. An improved budget process could be the icing on that cake, but it can't bake it for you.