

Congressman Michael Cloud (TX-27)
Testimony Before House Budget Committee: Member Day
February 27, 2020

Good Afternoon, Chairman Yarmuth, Ranking Member Womack and members of the committee, thank you for having us here today.

This committee is tasked with the important Constitutional obligation placed on Congress in Article I, Section 8, to determine how much revenue should be collected from the taxpayers and how it should be spent.

The budget process is vital because it is within that budget framework that we evaluate proposed legislation — to ensure we are spending within agreed upon spending limits.

At least, that's how it's supposed to work.

Last year, I came to talk to you about a bill I introduced, H.R. 638, the Cost Estimates Improvement Act, which would require the CBO and JCT to include debt servicing costs in their estimates. I asked that you include it as part of the Fiscal Year 2020 budget process.

Mr. Chairman, we do not have the luxury of ignoring the true costs of our spending decisions. Our nation's outstanding debt is nearly \$23.4 trillion and climbing. By the time this committee hears from Members a year from now, it will be over \$24 trillion.

In fact, according to the most recent Budget Outlook from CBO, over the next 10 years, annual deficits will reach \$1.7 trillion, our national debt will reach nearly \$35 trillion, and our annual interest payment will be \$819 billion.

These numbers are so big that it is hard for the average person to comprehend. But they represent a real threat to our nation's financial future.

And we are increasing the deficits and debt at these alarming rates without a full and complete picture of the legislation we are voting on because we regularly do not consider the interest costs.

As Maya MacGuineas of the Committee for a Responsible Federal Budget explains:

If interest on the debt is not counted, the official scores of legislation can be deceptively low, especially when offsets would occur years in the future. American taxpayers and future generations deserve honest accounting, not more gimmicks that attempt to paper over our huge and unsustainable deficits.

The folks back home understand this:

If they were budgeting for monthly car payments and only considered the list price of the car itself—and didn't factor in the extra cost of interest payments—they might discover later that the actual total cost was more than they could afford.

In essence, Congress does the same thing by not considering the comprehensive budgetary impact of spending and taxing proposals. This distorts congressional decision-making in favor of more spending and debt accumulation than might otherwise be the case.

Simply put, including debt servicing costs in legislative cost estimates would better equip lawmakers to make informed spending decisions.

My legislation also does one other important thing that would help lawmakers make better spending decisions. It requires cost estimates to include a list of duplicative programs with the covered legislation.

For example, the President's budget documents released earlier this month noted that there are 91 federal programs to train healthcare professionals. And this is just one example of duplication across the federal government.

If cost estimates were required to point out such duplication, it might give members pause before voting to spend more taxpayer dollars that expand existing, or create new, duplicative programs.

But the good news is — that while legislation requiring consideration of interest cost is preferred — we do not need to wait for legislation to pass for us to begin counting the real cost of proposed legislation. CBO is already capable of producing these numbers, and you have the power to ask for it.

Last month, I sent the Chairman and Ranking Member, as well as your counterparts in the United States Senate, a bi-partisan letter signed by myself and 56 of our colleagues.

In the letter we asked that you direct the Congressional Budget Office to begin including debt servicing costs in all legislative cost estimates produced.

Mr. Chairman reigning in our debt and deficits only gets harder the longer we wait. We owe it to our constituents, particularly future generations, to make spending decisions with the most accurate information possible.

This isn't a red or blue — Republican or Democrat issue — this is simple good governance.

I hope you will consider this cost estimate reform as an important step toward improving our budget process.

Again, thank you for this opportunity to appear here today.