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AmericansforProsperity.org

**Dear Chair Kilmer and Vice Chair Timmons,**

**July 28, 2022**

In consideration of the Select Committee on the Modernization of Congress' hearing titled "What's the Big Idea? Innovative Approaches to Fixing Congress," Americans for Prosperity would like to submit a request for a specific "Big Idea" to be included in the related record material. It is our view that nothing could be more central to the congressional reform space than innovative solutions to Congress' disjointed and increasingly dysfunctional budgeting and appropriations process. For that reason, we'd like to submit the following information taken from a piece published recently as background information. We hope that it provides the committee with a substantial foundation from which to build on when thinking through budget solutions in the future.

### **Federal budgeting is falling apart**

As the House takes up appropriations legislation in the shadow of inflation and stalled economic growth, the cracks in federal budgeting continue to grow. Floor consideration of appropriations bills almost certainly will not be followed by individual conference committees and enactment, but instead with a short-term continuing resolution against a shutdown deadline and most likely with a sprawling omnibus appropriations bill following the general election.

Most members of Congress have little opportunity to exercise the legislature's powers of the purse to shape federal policies through the annual appropriations process. To the extent that appropriations bills come to the floor, amendment consideration is tightly controlled and unable to reach to related or competing programs external to that appropriations bill. Leadership-driven budget deals cut most members out of the process, thereby weakening Congress as a whole when compared to the Executive Branch. After nearly 50 years since the last major upgrade, the federal budget system needs a re-design with [holistic budgeting](#), [reasonable budget targets](#), and the [end of shutdown brinkmanship](#).

Appropriations are a vital part of Congress' legislative powers and support core federal responsibilities. They increasingly provide program guidance due to [uneven authorizations](#). To their credit, the Committees on Appropriations work through this legislation every year. Even so, this approach makes less sense over time. The [twelve appropriations bills](#) range from \$7.1 billion for the

legislative branch to \$762 billion for defense (not including military construction or nuclear accounts). Considering appropriations bills separately erects barriers to amendments touching multiple bills.

These stovepipes go well beyond appropriations. Appropriations include just 30% of federal spending and exclude revenue entirely. Unsustainable growth in direct spending programs darkens our fiscal future. Yet today's annual process puts these programs out of sight, out of mind, and out of reach.

Direct spending and revenue programs often overlap with appropriated programs. A [Senate Budget Committee report in 2020 noted](#) that 20 federal entities manage 160 federal housing programs scattered across the tax code, direct spending programs, and appropriated programs. Disjointed budgeting yields dysfunction. Widespread dissatisfaction with the current system can lead to impasse, threaten a government shutdown, and undermine Congress' functioning. A tightly controlled amendment process, ad-hoc continuing resolutions, and bloated, lame-duck omnibus spending bills have become normal. Cutting many members out of deliberations over powers of the purse robs them of opportunities to learn about federal government activities, to discover better ways to provide value to the American people, and to build trust while pursuing partnerships throughout Congress to advance better policy.

Finally, budget reconciliation [has become](#) a weapon of short-lived unified government. It tends to make the budget outlook worse and to inflame polarization instead of reconciling programs with an increasingly less frequent budget resolution.

### **Upgrade budgeting for better results**

A [real budget](#) with all spending and all revenue is an important way for Congress to move from polarizing dysfunction toward productive deliberation. The Appropriations Committees can and should continue to lead the budget cycle through both discretionary allocations and in managing the floor.

To build a complete budget around appropriations, each authorizing committee would send its [spending line-items](#) and legislative proposals — plus revenue for Ways and Means and Finance — to the Appropriations Committees, which would bundle them without substantive changes into one bill starting with titles from the twelve appropriations subcommittees. Then, on the floor, members could build coalitions and propose amendments across the entire federal budget.

Reasonable [budget targets](#) should supplement holistic budgeting. Next-generation fiscal rules rely on [structural balance](#) (balance over the business cycle) to improve budget management and policy

stability instead of first-generation, destabilizing annual balance. Today's large budget imbalances recommend a glide path to primary structural balance — which excludes net interest costs — as an interim, achievable target. These rules can be [constitutional amendments](#) and/or [statutory](#).

Finally, the possibility of shutdowns — which [Congress never intended](#) — means that new budget legislation merely has to be better than a shutdown. This low bar and leaders' risk aversion against a deadline results in bloat and program disorder in tightly controlled packages with little time for members to review and no chance to amend.

Maintaining the status quo with an automatic continuing resolution until Congress changes course requires that majorities prefer the new legislation to existing policy. Auto CRs would make budgeting more inclusive, productive, and timely as each new budget improves on what came before.

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Modest changes to the federal budget system could help restore the trust necessary for an effective legislature. Improving incentives to build coalitions on policy priorities would complement new legislative capacity and support Congress reclaiming its proper role as the primary policy-setting body of the federal government. As Congress reclaims ownership of solutions to important public policy challenges, the executive branch could focus on its core responsibility of faithfully executing the laws.

Thank you for leading the important work of the Select Committee on the Modernization of Congress. As our society changes, our governance institutions must adapt. Your contributions are invaluable and point the way toward other ways to reinvigorate the great American experiment in self-governance. At Americans for Prosperity, we believe that people are capable of achieving extraordinary things, when they have the freedom and opportunity to do so. We exist to tackle our country's biggest challenges, and we will work with anyone to get good things done.

Sincerely,

Kurt Couchman  
Senior Fellow in Fiscal Policy  
Americans for Prosperity