

Chairman Woodall, Ranking Member Hastings, members of the Subcommittee, thank you for holding this hearing today and thank you for giving me the opportunity to testify. I am grateful for the opportunity to express my views on Congress' current budget process and how I believe we can make improvements to make Congress work better, smarter, and more efficiently.

As you know, I am a proponent of biennial budgeting. I have authored *the Biennial Budgeting and Enhanced Oversight Act*, with the support of House Budget Committee Chairman Paul Ryan, both in the current Congress and in the 112<sup>th</sup>.

### **Legislative Background**

Support for my biennial budgeting legislation (H.R. 1869) has grown considerably. More than 140 members including 45 Democrats have signed on to the bill because they believe that this is the right approach. The members range from the most conservative to the most progressive, with representation from the House Budget Committee, the Republican Study Committee, Tuesday Group, Blue Dog Democrats, the New Democrat Coalition, and the Progressive Caucus. Seven of the cosponsors are also members of the House Appropriations Committee one of whom serves as a Subcommittee Ranking Member.

In February of this year, the House Budget Committee approved my biennial budgeting legislation, on a strong bipartisan vote of 22-10. The Senate has similar biennial budgeting legislation pending as well. Senators Jeanne Shaheen and Johnny Isakson have been building bipartisan support for their bill over the last year.

Now I come before you today to continue this important work. Biennial budgeting at the federal level is not a new concept. For historical context, biennial budgeting legislation has been introduced in every Congress following the enactment of the 1974 Congressional Budget and Impoundment Act – the budget process used today. The first bill was authored by Congressman Leon Panetta, a Democrat, back in 1977. However the House has never considered or voted on legislation with as much support – especially from both sides of the aisle – as mine has today.

### **Why the Current Budget Process Needs Reform**

It is not difficult to understand why my bill has so much support. It's because the current budget process has simply not worked the way Congress intended it to and as time goes on, it has only gotten worse. Every year, Congress is required by law to agree on a budget resolution by April 15<sup>th</sup> and sign 12 spending bills into law by September 30<sup>th</sup>. Since the Congressional Budget Act was enacted in 1974, Congress has never passed both a budget resolution and all of its appropriations bills on time in the same year. Never.

The process is even worse in election years. In the 40-year history of the current budget process, only once has Congress enacted a budget resolution on time in an election year. That was in 1976, just a few short years after the 1974 Budget Act was signed into law.

Now that's got to tell us something. The process is so cumbersome that just a few short years after the Budget Act was enacted we failed to complete our work on time. To make matters worse, since enactment of the Budget Act, Congress has passed fewer and fewer appropriations bills on time each year. On average, only 3.6 spending bills are signed into law on time each

year, barely 25% of what we are required to do by law. Since 2001, less than ten percent of spending bills have been passed before the beginning of the new fiscal year.

Because of Congress' failure to complete its work, we are forced to rely on short-term spending bills (commonly known as continuing resolutions) that are hastily passed, usually without significant reforms to programs that could come from effective oversight.

### **Why Biennial Budgeting Would Improve the System**

Because Congress is required to pass both a Budget Resolution and all twelve appropriations bills each year, Congress inevitably dedicates little time to oversight of federal programs. Converting to a biennial budgeting process would free up more time on the House Floor every year to tackle mandatory spending and programs, while at the same time freeing up Congressional committees to focus not just on writing spending bills, but also better scrutinizing how taxpayer money is spent.

Not only will biennial budgeting tilt Congress' focus to oversight rather than spending, it will also reduce the "use it or lose it" mentality that wastes precious taxpayer dollars at the end of every fiscal year. Last year, the Washington Post did an in-depth analysis of federal agencies' spending that yielded remarkable results.

For Fiscal Years 2010 through 2012, the Washington Post study found that roughly 20 percent of all federal funding was spent in the last five weeks of each fiscal year. This spike in spending shows that agencies use leftover funds on generally frivolous needs, such as the Department of Veterans' Affairs spending more than half a million dollars on artwork last year, or the Coast Guard spending \$178,000 to upgrade cubicles. These examples are not representative of the important work these agencies do, but they do show a general lack of smart budgeting at the end of a fiscal year. Biennial budgeting would cut the "use it or lose it" mentality at federal agencies in half and therefore help agencies to dedicate funds to more important priorities.

Lastly, biennial budgeting will provide greater certainty within the budget by reducing and possibly eliminating the need for constant stopgap measures like continuing resolutions. Both the federal government and the American people will have additional clarity into what America is spending its treasure on, and they will have a better understanding of how long that policy will be in effect. Ask any business, large or small, and they would agree that instilling certainty into the economy is one of the more effective policies the government can provide. I certainly can attest to this after spending nearly 30 years in the private sector running my own commercial roofing company.

### **What Biennial Budgeting Opponents Get Wrong**

With any reform proposal, there are those who are going to favor the status quo. They will say that the status quo is working or that the proposed reform will only make things worse. However, relying simply on the statistics that the current federal budget system has produced over the past four decades, no one should believe that the process is working as well as it could.

Critics of biennial budgeting will say that Congress will be too reliant on supplemental appropriations bills, or that politics, not the process is to blame for the gridlock facing Congress.

I offer a few responses to these critiques of biennial budgeting.

*Supplemental appropriations bills will be needed too often.*

As history has shown us on supplemental appropriations, Congress tends to use them sparingly. When they do, they are not wholesale rewrites of current appropriations bills. Congress doesn't use them to rewrite the funding for the entire Interior Department, for instance. These bills are used to respond to specific needs for often unforeseen circumstances. If and when they would be used under a biennial budgeting system, it's easy to extrapolate that Congress would use them to respond to emergency situations – which could also be planned for in the budget in advance to eliminate any concerns about the need for supplemental appropriations.

*Politics is to blame, not the annual budgeting process.*

There are also those who would say that today's problems stem from today's politics, not the budgeting process, and that opinion is not without merit. But that isn't a critique of biennial budgeting, that's a problem with Congress as a whole right now. Congress and its members can and should work together more often, not less. We shouldn't come to the negotiating table with our swords out, ready to do battle simply for the sport of it.

Biennial budgeting will give us more time to sit down with each other, prioritize the budget process at the beginning of a new Congress, and work together to provide certainty for the American people. Once completed, Congress would be able to turn its attention to matters like mandatory programs, which are the fundamental drivers of our debt, and the tax code, which is in dire need of reform.

While any budgetary system will inevitably have a flaw or two, these critiques don't prove that biennial budgeting would not make stark improvements over the current system, and I believe that is a chance worth taking. We should not let the perfect become the enemy of the good. Nor should we let comfort with the status quo become a barrier to trying to fix a broken system.

### **Outside Organization Support**

A number of national organizations – from both sides of the aisle – that focus on fiscal issues have recognized this need and voiced their support for my legislation. The Committee for a Responsible Federal Budget and the Concord Coalition are two groups that will be testifying later today who support biennial budgeting. Other supportive groups include Americans for Tax Reform, the Council for Citizens Against Government Waste, the National Taxpayers Union, No Labels, and Third Way.

### **Conclusion**

The American experiment is one built on taking smart people, putting them in a room, and allowing them to innovate to overcome the challenges that our society faces. We no longer use the original Apple Computer from the 1970s. We build better, faster, and more powerful computers to meet the challenges of today and tomorrow.

The lawmakers who crafted the 1974 Budget Act drafted the bill to try to improve a process that wasn't meeting the needs of their time. Again, forty years after its enactment, our current budget

process doesn't work, and now it's time to upgrade to a new system for the 21<sup>st</sup> century. Discretionary spending towered over mandatory spending in the 1970s. Today, in 2014, mandatory programs cost us twice as much as discretionary. More than 12 percent of our economy is made up of mandatory government spending compared to less than seven percent for discretionary spending, and yet we spend little time in the budget process reviewing mandatory programs. In 2024, the end of the current budget window, that discrepancy is projected to grow to almost a 3:1 ratio. Why should our nation's budget process reflect an era that looks nothing like the modern world?

Our country deserves a budget process that adapts to our current challenges. While biennial budgeting as a concept isn't new, its benefits fit the needs of today's economy and political culture. American families and businesses want greater economic certainty and spending clarity so they can plan and adapt accordingly. The American people also want to know that Congress is spending taxpayer dollars wisely and efficiently.

Support for passing this legislation has never been higher – both from members of Congress and from outside organizations –who have come to believe that while this is not a budget panacea, it is a strong first step to fixing our budget process and overall policy woes. We still face difficult challenges, and those challenges will have to be met by making tough decisions within this legislative body. But I believe biennial budgeting can provide better, more accurate information to members of Congress about government programs and their effectiveness, while providing the additional time for members to dissect this information and make good budgetary decisions accordingly.

There are those who would say that biennial budgeting has problems, so we shouldn't try it. I did not come before you today to convince you that biennial budgeting is perfect, nor am I saying it will solve all of our problems. No system that we create will work perfectly. But I do know that what we have today isn't working, and that that the American people want us to fix it.

Once again, thank you for allowing me to testify before this distinguished subcommittee. I look forward to working with you on ways we can improve the functioning of Congress and the overall budget process, and I will be happy to answer any questions you may have.