

Statement of

Rudolph G. Penner  
Director  
Congressional Budget Office

Before the

Task Force on the Budget Process  
Committee on Rules  
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Mr. Chairman, I am pleased to have the opportunity to testify on your Task Force's proposals for revisions to the Congressional budget process.

We are all painfully aware of the dimensions of the budget problem before us. Earlier this week, the Congressional Budget Office released the three parts of our annual report, which document that problem: Part I on the economy, Part II on the baseline budget projections, and Part III on options for reducing the deficit. <sup>1/</sup> I appeared before the House and Senate Budget Committees on Tuesday and Wednesday and will meet with the Joint Economic Committee later today to present our views on the budget problem and possible solutions. I do not have to inform this group that solving the budget deficit problem will be extremely difficult. It will require the resolution of some of the most intellectually profound and complex questions that can confront a nation: namely, what should the federal government be responsible for in our society and who should pay for it?

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1. Congressional Budget Office, A Report to the Senate and House Committees on the Budget, Part I: The Economic Outlook, Part II: Baseline Budget Projections for Fiscal Years 1985-1989, Part III: Reducing the Deficit: Spending and Revenue Options (February 1984).

A process, no matter how well designed, cannot make difficult problems easy. It can make the debate more orderly and help to bring useful information to bear on the proceedings at crucial times during the discussion.

The Proposals to Improve the Congressional Budget Process drafted by the House Committee on Rules Task Force on the Budget Process would establish the essential procedural framework for implementing a comprehensive deficit reduction plan. I believe that the Task Force should be complimented on its efforts to make the process both less arduous and more effective.

Both the single budget resolution approach and the comprehensive budget bill approach would require outyear figures to be included in the budget plan and in reconciliation. A multiyear approach to resolving the budget problem is essential because specific outlay-reducing and tax-raising options can have very different effects in the short and long run. Both approaches would establish credit budget and tax expenditure budgeting procedures and both would require existing off-budget activities to be included in the unified budget.

The single budget resolution approach formalizes changes that have evolved in the budget process since the 1974 Budget Act. It should aid in

the consensus-building aspect of solving the deficit problem. Strongly held political values are at stake and the ordinary political arena often impedes rather than assists the kinds of compromises needed to achieve agreement. The debate in the Congress over the budget resolution provides a focus for resolving differences, and the resolution itself provides a written charter of the agreements reached. While it helps keep the focus on the issues, it can only provide a vehicle for hard compromises that first must be made by Members of Congress and accepted by their constituents. The comprehensive budget bill, on the other hand, does not force an initial consensus, but by concentrating all budget legislation into one omnibus bill with one vote, it may enhance the probability that a consensus will endure once it is reached.

In a November 9, 1983, letter to you, Mr. Chairman, and an attached memorandum, I provided detailed comments on the single resolution approach. If I may, I would like to have a copy of those comments inserted in the record of these hearings. Most of my comments on the single resolution approach would apply equally to the comprehensive budget bill approach--since many provisions are the same in both proposals.

I would like to reiterate my concern about the technical problems presented by implementing tax expenditure controls. As noted in pages 6-8 of the detailed memorandum, estimating tax expenditures will require fairly

arbitrary definitions and explicit counting rules. Similar problems have been worked out in implementing spending controls in the past. Scoring of tax expenditures is possible, but will require flexibility on the parts of the Ways and Means, Finance, and Budget Committees.

I would also like to highlight an additional concern raised by the comprehensive budget bill approach. One of the principal features of the comprehensive budget bill is that it concentrates Congressional action on all budgetary matters in a single bill. This concentration will necessarily concentrate the workload of both Members and staff involved. In the absence of any experience, it is difficult to say whether this concentration will result in bottlenecks for bill cost estimates or scorekeeping reports. I am concerned, however, whether CBO staff will be able to maintain the quality of our estimates in this greatly condensed time frame.

In conclusion, Mr. Chairman, the budget process is not the source of the budget problem nor can the process be an answer in itself. A consensus of support for a comprehensive budget reduction plan is needed. Given that consensus, either of the approaches recommended by the Task Force could fulfill the process needs.