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September 6, 2024

The Honorable Jodey Arrington  
Chairman  
House Budget Committee  
204 Cannon House Office Building  
Washington, D.C. 20515

The Honorable Rudy Yakym  
Chair, Budget Process Reform Task Force  
House Budget Committee  
204 Cannon House Office Building  
Washington, D.C. 20515

**RE: Request for Information on reforming the budget process**

Dear Chairman Arrington and Task Force Chair Yakym,

Thank you for the opportunity to share my ideas and expertise on budget process reform with the House Budget Committee and Budget Process Reform Task Force. I applaud your efforts to address the significant problems of gimmicks, lack of transparency, and most importantly, our unsustainable spending. You, your colleagues, and your staff deserve credit for the progress you have already made in this area, including House passage of [two bipartisan](#) bills. I strongly urge the Senate to take up and pass these common sense measures.

**Introduction**

For many years I have advocated on a bipartisan basis for responsible fiscal policies in a manner that prioritizes collaboration between outside stakeholders, experts, and Congress. I organized and educated staff and other allies to support the goals of the Joint Select Committee on Budget and Appropriations Process Reform. As professional staff at the Senate Committee on the Budget for the late Chairman Mike Enzi (R-Wyo.), I promoted his “[Bipartisan Congressional Budget Reform Act](#)” (BCoBRA), a balanced and smart reform blueprint that had robust support both on and off the Hill from across the political spectrum. I am dedicated to reforming the budget process because I believe that a better process can engender better policy outcomes far beyond the dollars and cents of federal finance and can help detoxify our fractious political culture. Today I am a resident fellow for the R Street Institute’s Governance Program where I continue this work.

Over the past decade, rivers of ink have been spilled laying out a wide variety of highly commendable budget process and spending reforms, large and small. There is no end of thoughtful, creative, and in many cases, tried and tested ideas. Enacting one or a combination of practically any recommendation would be an improvement on today’s hopelessly broken system. 50 years is too long to muddle through when perpetually overdue appropriations, sporadic government shutdown or debt crises, and an increasingly unmanageable debt all indicate the current process is broken. All the dashboard lights are blinking, smoke is coming from under the hood, and so far, Congress just keeps turning the radio up.

Legislators, and the voters who put them there, deserve better, not only to address our woeful fiscal state, but also to reduce many of the workaday challenges of congressional work that frustrate lawmakers and their staff.

Rather than focus on a specific set of reforms, I think it is more helpful to start from a basis of shared principles and desired outcomes. Once that foundation is established, it is often easier for participants in the decision making process to be more flexible and less territorial in terms of how to achieve a collective vision. Equally important is the relationship and trust-building between participants that emerges from such initial conversations and can smooth the path for the critical deliberations to come.

In that spirit, this letter will first lay out some basic principles for budget process and spending reform, followed by a few specific suggestions and resources, but stops short of endorsing one specific approach over and above others as there are numerous options that would be an improvement over the status quo. This is not an exhaustive or dogmatic analysis of the topic and our fiscal condition; those have already been written.

### **Essential Principles for Reforming the Budget Process**

- (1) Budgets need to matter:** The federal budget's current status as a "mere" resolution detracts from the value and authority it might otherwise have as an [enacted, enforceable law](#). This has created an untenable situation where the budget is an optional legislative exercise—often replaced with deeming language to permit appropriations to progress—and really only dug out of the closet for partisan purposes: to take advantage of reconciliation as a Senate end-run, as a messaging document, or both. Existing in this liminal space undermines the authority of a budget, blunts the effectiveness of certain points of order and other enforcement mechanisms, and makes it easy to dismiss by both legislators and the public. Why take the time to seriously engage with an unserious document?
- (2) Everyone needs to have skin in the game:** One way to make the budget truly matter is if more legislators feel they have a stake in the outcome. I'm not referring to earmarks, which are their own problem and not remotely a panacea. Greater participation in the budget-writing process would at once elevate the significance of the budget and garner more buy-in from members outside the Budget Committees. This could look like more timely and thorough views and estimates and live-fire amendments in both chambers. Constituents also need skin in the game. Transparency efforts like a Fiscal State of the Nation or Taxpayer Receipt that help citizens understand the role of the budget, our fiscal condition, and their contribution could all help.
- (3) Changes need bipartisan buy-in:** Our country has always been and continues to be rife with division, with practically innumerable variations of perspective within the major political categories, and it is fair that our institutions and policies reflect that. Though the outcome might not be wholly favorable to my particular preferences, there is still a rightness in creating a process that is reflective of, or at least acceptable to, most political participants. This creates the buy-in essential for any plan to be workable, for reforms to be sustained as power dynamics shift, and, perhaps most importantly, the votes to get it across the finish line. Prioritizing bipartisan buy-in for substantive budget process changes can also improve the tone and expectations for the other major policy challenges we face.

Crucially, bipartisanship—jumping together—has a strong track record of success on even the thorniest issues. For example, a [recent study](#) on the contentious issue of state pension reform by R Street Institute Governance Fellow, Chris McIsaac, found “the most impactful reforms...were commonly enacted as part of a package requiring shared sacrifice across constituencies, an in states where Democrats and Republicans shared the political risk associated with reform.”

- (4) Consider carrots over sticks:** There is no end to the litany of punishments lawmakers have imagined heaping on their colleagues for missed deadlines and other legislative shortcomings. There’s the classic “[No Budget, No Pay](#),” and its spin-offs “No Budget, No Recess,” “No Budget, No Fundraising,” “No Budget, No Travel,” or “No Budget, No Dessert.” The dreaded specter of sequestration, however modest in terms of anticipated spending, has also had its day with [mixed results](#). These and similar approaches can serve an important role, spurring lawmakers, who would otherwise ignore our burgeoning crisis, to action. But sticks, such as the [debt ceiling](#), are not without drawbacks that could undermine the larger goals of long-term fiscal health and the collaboration necessary to achieve that.

Decision-makers would be well-served by applying serious time and consideration on the other side of the equation: carrots. After all, it is well documented that positive reinforcement leads to improved behavioral outcomes. A [study](#) from the past year found that “Positive reinforcement works exceedingly faster and better than punishment.”

For example, carrots for lawmakers could involve eliminating the need for painful votes on the debt ceiling. Kurt Couchman of Americans for Prosperity [suggests](#) suspending the debt limit so long as Congress adheres to budget targets and [BCoBRA](#) contained a mechanism that automatically aligned the debt limit with budget requirements. Enacting and observing responsible fiscal rules could afford certain bills fast track privileges. Or consider the [Oregon “kicker”](#) which returns unused funds to taxpayers. It is hard to imagine a surplus under our current fiscal condition, but that *type* of carrot provides a positive incentive to lawmakers to be good stewards of taxpayers dollars and taxpayers, in turn, are incentivized to be engaged and hold their legislators accountable.

- (5) There can be no sacred cows:** The state of our federal finances are too dire to leave any agency or corner of the government unexamined for potential savings and reform. As we [stated](#) in an R Street-led 2023 coalition letter, “Given the now historical level of national debt, it is essential that all spending be considered on the table for strategic reductions to achieve long-term fiscal sustainability.” Since then, the level of debt held by the public has grown by about [\\$4 trillion](#).

The elimination of sacred cows is not only a fiscal imperative, it is a critical building block of the trust and credibility necessary to achieve significant reforms and another example of the “jumping together” explained in number 3. A prime example of how that can be achieved is explained by Brian Riedl of the Manhattan Institute in his 2019 paper, “[Getting to Yes](#)” examining the history of past budget deals. Riedl explains that successful grand bargains require “*healthy negotiations*—presidents and lawmakers of both parties establishing positive working relationships based on trust, good faith, and a focus on compromise—seeking win-win solutions.”

## Other R Street Institute Resources

- (1) **A Budget Reform Travelogue: Lessons from Abroad:** [This](#) three-part series looks at how other countries have successfully implemented budget process and spending reforms such as automatic continuing resolutions, debt brakes, and enhanced transparency measures.
- (2) **The Known Unknowns: Planning for the Next Emergencies:** [This](#) paper examines the harmful role emergency spending has played in our debt crisis and makes pragmatic recommendations for reform.

## Conclusion

If this letter is short on specifics, let me be long on urgency. There are many excellent ideas for achieving the kind of reforms we need to turn the fiscal ship, but at this point in the journey, none of those solutions are simple. The modest changes of the past, which would have accrued savings and revenues overtime are no longer sufficient to tackle the size of our challenges. It is no longer worth spending time turning over more rocks and leaves hoping to find a painless prescription that an army of experts toiling over decades simply overlooked. What remains to be done at this juncture is to move forward and identify where agreement can be found.

Chairman Enzi, in his [final speech](#) to the Senate before he retired, urged his colleagues to focus on the 80% of an issue where there was agreement. To not get bogged down in the 20% where there is disagreement. Enzi stated, “It is all about focusing on what you can get done, and not focusing on the points of disagreement—the weeds of debate that have choked issues.” This is excellent advice and the House Budget Committee, by moving on the bipartisan bills you have in hand, is already doing this.

As previously mentioned, 50 years is too long to scrape by, rarely making deadlines and lurching from crisis to crisis. At the same time, it is not necessary to expect that the next changes must stand up to another 50 years. The prospect of an all-encompassing super-reform that will solve all our problems is both intimidating and unrealistic. Accomplishing what is possible now and subsequently getting used to regular reexamination of policies and processes on a shorter timeline is healthy. This can help make lawmakers and their constituents more comfortable with the changes, tough votes, and experimentation we need to undertake on the way to a more robust economic future.

Again, R Street Institute applauds the efforts of the Budget Process Reform Task Force and the House Budget Committee. This is a valuable endeavor and we are eager to assist in its success.

Sincerely,

/s/

Nan Swift  
Fellow, Governance Program  
R Street Institute

CC: The Honorable Sheldon Whitehouse, Chair, U.S. Senate Committee on the Budget  
The Honorable Chuck Grassley, Ranking Member, U.S. Senate Committee on the Budget  
The Honorable Brendan Boyle, Ranking Member, U.S. House Budget Committee