



U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON THE BUDGET

134 Cannon House Office Building, Washington, D.C. 20515 ★ (202) 226-7200 ★ democrats-budget.house.gov

John Yarmuth
Ranking Democrat

January 3, 2017

Price Budget Process Proposal Would Cost Dearly

Chairman Price recently released a [“discussion draft”](#) for a rewrite of the Congressional Budget Act. The rewrite is simply another step in the divisive approach to governing that Republicans have followed since they took control of Congress. Many of the proposals, described as mere budget process changes, are designed to cut Medicare and other benefits crucial to millions of Americans without Congress having to vote for specific benefit cuts. They represent a backdoor approach to enacting policies that could never move forward if Congress were to debate them honestly.

What We Learned From Budget Process Hearings

During the 114th Congress, the House Budget Committee held a series of hearings to examine reforms to the Congressional budget process. Republicans made clear they viewed these reforms as the answer to political stalemate in budget decision making. But what is very clear – and was remarked on by many witnesses – is that the budget process has not stood in the way of making decisions. The failure to find solutions to address the Nation’s long-term fiscal problems comes from deep differences on policy and Republican unwillingness to compromise. While there are undoubtedly improvements that can be made to any complex process, adjustments to the budget process will not make previously intransigent partisans suddenly willing to negotiate in good faith. As former CBO Director and head of the conservative American Action Forum Douglas Holtz-Eakin said in testimony for one hearing, “No reform to the Budget Act or statutory spending cap or sequester can replace the needed debate on what should be a realistic or fair retirement age, or what is the proper federal role in seniors’ health care delivery.”

Implications of the Price Plan

The proposal uses budget process reform as a ruse to force deep cuts in health care and other important benefits and services without a congressional vote. It would do so by writing the spending and debt levels assumed in the budget resolution into law, making them hard ceilings rather than constraints on Congressional consideration of spending and tax legislation. If actual spending or debt did not meet the targets, spending would automatically be cut unless Congress passed an alternative package of spending cuts. Meeting the assumptions of recent Republican budget resolutions would require trillions of dollars in program cuts (with even deeper cuts necessary if President-elect Trump’s tax cuts become law). Instead of having to affirmatively agree on and vote for cuts, Republicans could simply allow them to happen. Thus, while Republicans will claim they are voting to improve the budget process, in reality they will be setting up major cuts in programs that are lifelines for millions of American families.

Major Provisions

The Price plan includes a laundry list of proposals. Some would have very serious repercussions, others make small technical changes. Selected key provisions are described below.

Sets new binding limits on categories of spending and debt, both in the near and long-term –

Congress could use a fast-track process (essentially cutting out the Senate minority) to make policy changes to comply with the limits, and if that fails, automatic spending reductions would take place across a broad array of programs. This creates a backdoor way to make deep spending cuts without forcing Congress to vote on the specifics. It could have devastating effects on families who rely on critical government services and actually harm the economy as a whole, if cuts are triggered during a downturn.

Exposes the safety net to automatic cuts – Under current enforcement rules, most programs that serve the most vulnerable are exempt from automatic cuts and Medicare cuts are limited. The plan subjects many more programs to automatic cuts, putting vital services and income supports at risk.

Creates a commission to determine which mandatory programs should be subjected to annual funding decisions – Most mandatory programs are mandatory for a reason: much of the funding goes to individuals who meet certain requirements (for example, unemployment compensation goes to people who have lost their jobs through no fault of their own). If this funding was annually appropriated, it could leave programs unable to respond to changing needs.

Redefines the measurement of legislation's effect on spending – The plan makes several changes to the baseline used to measure the impact of policy that will have serious repercussions. For example, Congress traditionally authorizes the Supplemental Nutritional Assistance Program (SNAP) for five years at a time, most recently through 2018. Under current practices, legislation to extend current SNAP benefit levels and eligibility requirements for five years would be viewed as making no changes to federal spending. Price's plan, however, would assume that SNAP spending goes to zero after 2018, so a bill that simply extends the current program for five years would be treated as increasing spending by more than \$350 billion. Applying the Republican cut-as-you-go rule in this case would mean drastic cuts in other important programs just to maintain current levels of basic nutrition assistance for poor children and families.

Institutes regulatory pay-as-you-go – The plan would prohibit an agency from issuing a new regulation with compliance costs unless an existing rule is repealed or amended to provide an offsetting reduction in compliance costs. There is no corresponding review to ensure that the net benefits of regulations do not decline. Since regulations are generally issued to implement legislation, this approach could force agencies to choose between Congressional directives.

Allows multiple fast-track budget reconciliation bills to go forward under any given budget resolution – If pushed to its extreme, all budgetary legislation could essentially be exempt from filibuster in the Senate.

Moves to biennial budgeting – Under the plan, the budget resolution would be done annually. Appropriations bills would be for two years at a time.