



U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON THE BUDGET

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Chris Van Hollen,
Ranking Democrat

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VOTE NO ON A CREATING MISLEADING BASELINE (H.R. 1871)

This bill does nothing to address the economic challenges facing America's families. It does not create a single job. It does not renew expired unemployment compensation for millions of workers and their families. It does not raise the minimum wage to a living wage.

- **This bill obscures the size of the fiscal problem facing us and ignores the spending caps Congress has set for itself.**

The Budget Control Act (BCA) established caps for discretionary spending through 2021. Those caps allow for low but steady growth in discretionary spending. This bill mandates a fundamental change in how the Congressional Budget Office (CBO) forecasts future discretionary spending in its baseline, requiring CBO to assume that current spending for each account is frozen at current levels in all future years rather than have it track growth in overall prices. To reflect the BCA and subsequent amendments, CBO's baseline currently sets discretionary spending at the statutory caps in aggregate, which is below a full inflation adjustment. Requiring baseline levels to assume a freeze at the 2014 level does not reflect Congress's intention to appropriate funding at the cap levels set in law. This will make future baseline deficits appear smaller than they are likely to be.

- **This definitional change may make it harder to provide needed discretionary funding for critical services like Head Start, veterans' health care, or education.**

By holding the baseline constant instead of allowing it to reflect increases in costs, simple inflation adjustments will look like increases in spending. Over time, as programs are slowly starved, backlogs will increase and program failures, such as terrible conditions at the former Walter Reed Army Medical Center that came to light in 2007, are inevitable.

- **The bill puts in place a system that makes analysis of government's purchasing power impossible, resulting in a deceptive view of what federal funding can provide.**

A permanent approach to budgeting and forecasting that fails to account for the real cost of goods and services will present a distorted picture of the federal budget outlook. Comparisons to levels that do not keep pace with inflation cannot provide accurate information on how purchasing power would be gained or lost by proposed levels. The American public should not be deceived to believe that the government can maintain the same level of services while real funding is cut.

Details of the bill:

This bill changes the calculation of the discretionary baseline. Currently, the account level baseline assumes annual adjustments, primarily to reflect increased costs in future years (both inflation and pay raises). Under this bill, the discretionary baseline would assume the current year's level of budgetary resources in all years.

H.R. 1871 also makes a new requirement for CBO. It mandates a Long-Term Outlook report that would cover the next 40 years. In practice, CBO is already producing this report.