



U.S. HOUSE OF REPRESENTATIVES

## COMMITTEE ON THE BUDGET

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### **To Meet the Country's Fiscal Challenges, Revenue and Responsible Governing Must Be Part of the Solution**

Comptroller General of the United States Gene Dodaro testified before the House Budget Committee on May 3<sup>rd</sup> on the country's long-term fiscal challenges and the Government Accountability Office's (GAO) work in identifying areas of government that need improved efficiency and effectiveness. His testimony highlighted the unsustainability of the country's current fiscal path. He made clear that spending cuts alone are an unrealistic approach to meeting our fiscal challenges. He noted, however, that improving management in government, which could include addressing the problems of improper payments, the tax gap, and under-scrutinized tax expenditures, could make a difference. In addition, GAO analysis shows that government shutdowns, continuing resolutions, and debt ceiling impasses waste money and are harmful to effective government operations. Members also raised the issue of dwindling agency budgets as a cause of instability and underperformance in the administration of government programs.

#### **Addressing Our Long-term Fiscal Challenge without More Revenue Is Unrealistic—**

The hearing underscored the need for Congress to address the country's fiscal challenges in a comprehensive way. Focusing on making government programs more efficient is important, and everyone agrees we should do everything possible to reduce waste, but that alone is not enough. Mr. Dodaro made clear that a realistic approach to deal with these challenges must include revenue.

*"Our fiscal condition is unsustainable because we are not generating enough revenue to meet the commitments that we have." -Gene Dodaro, May 3, 2017*

*"I think the problem is so big eventually there's going to have to be a combination of spending reductions and attendant to revenues in order to solve this problem in an equitable way." -Gene Dodaro, May 3, 2017*

#### **Government Shutdowns and Continuing Resolutions Are Irresponsible and**

**Wasteful**—Government shutdowns and extended continuing resolutions undermine the effectiveness and efficiency of government. GAO reported the 2013 shutdown caused a slowdown in the economy, and it found that stopgap funding measures cause a myriad of problems.

*"[Continuing resolutions] disrupt hiring, contracting, orderly planning practices, and they also compress spending because when you do receive the final appropriation for the year, as in this particular case this year, there's only a few months left in the end of the fiscal year. So it suppresses things earlier and compresses things later. It's a problem."* -Gene Dodaro, May 3, 2017

### **Debt Ceiling Impasses Are Costly to the Taxpayer and Threaten the Economy—**

Holding the full faith and credit of the United States hostage has consequences for the Treasury market, which could increase borrowing costs. GAO recommends that decisions about giving Treasury the authority to borrow be made when decisions about spending and revenues are made, rather than through the current after-the-fact process.

*"[The debt ceiling] was never intended to control the debt. And it doesn't control the debt. All it does is authorize Treasury to pay the bills that Congress has already authorized."* -Gene Dodaro, May 3, 2017

*"During the 2013 debt impasse in the government shutdown period we estimate between \$38 and \$70 [million] was paid in additional interest costs just because people were nervous we weren't going to pay our debts on time."* -Gene Dodaro, May 3, 2017

*I can't emphasize how important the full faith and credit of the federal government is to the effective functioning of our country and our nation.* -Gene Dodaro, May 3, 2017

**Dwindling Budgets Hurt Agency Operations—**Non-defense discretionary spending is near its lowest levels relative to the size of the economy since at least the 1950s. To manage with smaller budgets, agencies have been forced to cut back in a number of areas, including information system modernization, program integrity initiatives, and staff. Persistent under-resourcing inevitably has an impact on core government functions. For example, the Internal Revenue Service's current budget is nearly \$1 billion less than it was in 2010, and it has 17,000 fewer staff. One consequence of this is a widening tax gap (the difference between taxes owed and taxes paid), which now totals \$458 billion per year. More investment in these agencies that have seen their budgets in steep decline will pay dividends in terms of improved performance.

*"I think the record's pretty clear, if you add additional resources to the IRS, they'll produce additional revenue."* -Gene Dodaro, May 3, 2017