

THE BROOKINGS INSTITUTION

THE FEDERAL BUDGET PROCESS:
TURNING REFORM INTO POLITICAL REALITY

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Welcome:

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President and Chief Executive Officer
National Academy of Public Administration

Session 1: Fixing a Flawed Federal Budget Process:

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Senior Associate Dean and Professor of Public Policy
University of Maryland, School of Public Policy

F. STEVENS REDBURN
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Session 2: Overcoming Political Obstacles in Reforming the Federal Budget Process:

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P R O C E E D I N G S

MR. BUTLER: Good morning everybody. My name is Stewart Butler, I'm a Senior Fellow here at the Brookings Institution and I want to welcome you all to Brookings, and to those on the webcast, for this discussion on the policy and prospects of budget process reform. And we're pleased to co-hosting this event with the National Academy of Public Administration, or NAPA. I just want to remind everybody here that the event is being webcast, so if you'll just take a moment right now to turn off or silence your phones that would be very, very helpful.

The budget process may seem rather arcane to lots of people -- I'm sure it does. But it's critically important to the functioning of our government. Developing a budget in an orderly and timely manner to advance national priorities is a basic function of government. Unfortunately, we've not been very good at carrying out that basic function in the United States. We're increasingly unable in our budgeting to meet deadlines. We've missed deadlines which have of course imposed enormous costs and anxiety to many people who are dependent upon government and to businesses and to organizations that require government support. We seem to move from crisis to crisis and to deadlock. That's undermined confidence in the government itself. And we've been unable to really address very basic deep seated issues in this country that require looking at budgets and changing budgets.

I think it's fair to say that this inability to function in this way has contributed to the distrust of government. We've seen over many years a steady decline in the confidence among Americans that the government in Washington will actually function and do the right thing. And of course it's come to a head in many ways in this election. So I think the failure to actually operate a budget, to develop and design and carry out a budget is one of the big factors in the deepening distrust of government.

Well, over the last two years here at Brookings we've hosted a series of monthly meetings and round tables to discuss the budget process reform ideas. We

brought together budget experts, we brought together also political scientists in these discussions. The people who have come to these round tables, the round table group, is bipartisan, it represents organizations on the left and the right, it includes former officials of the Federal government, people who have been very much in the front of the whole budget issue, including many members of the National Academy of Public Administration have taken part. And many of the organizations around those tables have been in the forefront of developing ideas to try to deal with the budget process problems that we have. And in fact you can see both outside, in terms of some of the publications, but also on a website devoted to the budget round table, called Budgetingroundtable.com. You can go on that website and see a number of the papers that we've developed.

But it isn't just question of look at budget process proposals for reform, but the round table has also discussed some of the insights and experiences from political science to suggest ways to actually achieve reform. It's all well and good to have a set of proposals for reform, but one has to spend just as much time thinking about how can we nudge or encourage the political process to actually deliver those reforms. And much of our conversation in the round table has been about precisely that. And you'll be hearing more about that this morning.

Today we'll be hearing from two panels reflecting on these conversations and other conversations around town about budget process reform. The first panel will describe some of the leading ideas that have been developed in this area. The second panel will bring together a group of veteran budget experts and political scientists to discuss a little further some of these proposals, but also more importantly to discuss the experiences and insights from political science that should affect the way we think about the process of reform and the prospects for that in the coming months and years.

And now, to describe the work of the National Academy of Public Administration in this area and to moderate the first panel let me hand over to my co-host, Dan Blair, who's President and CEO of NAPA.

MR. BLAIR: Thank you, Stuart, for that warm introduction. I'm glad to be here this morning with this (inaudible) group of budgeteers to discuss strategies and scenarios for successfully reforming the Federal budget process.

I'm Dan Blair, President CEO of the National Academy of Public Administration, a congressionally chartered policy institute charged by Congress at advising leaders at the Federal, state, and local levels on issues of public administration and governance. The Academy is made up of soon to be 850+ Fellows who range in the public administration spectrum with the common thread that all are noted for their significant and substantial contributions to the field of public administration.

Today we have a number of Fellows present, both on the panels and in the audience, and we also have Fellows watching through the live streaming feed.

Stuart, I want to thank you and the Brookings Institution for hosting this important conference this morning. As with many aspects of our Federal government our budget processes are in need of updating and reform. For multiple reasons the 1974 Budget Act seems to have transitioned from a rule to an often ignored suggestion. There seems to be agreement we need a more disciplined and realistic process, but identifying what exactly those new processes should be remains the challenge.

Today we have an opportunity here from some of our country's leading budget policy experts. And it's my privilege to introduce to you today and moderate the first panel. Joining me today on this first panel are noted budgeteers Dr. Phil Joyce and Dr. Steve Redburn. Let me briefly give you their bios. Many of you know them in the audience and they are well known in this community.

Phil Joyce serves as a Senior Associate Dean and a Professor of Public Policy in the University of Maryland School of Public Policy. Professor Joyce's teaching and research interests include public budgeting, performance measurement, and intergovernmental relations. Phil is the Editor of Public Budgeting and Finance and is a Past President of the American Association of Budget and Program Analysis, and past

Chair of the ASPA Center on Accountability and Performance. In addition to his work at the University of Maryland Phil has been on the faculty of the George Washington University, the Maxwell School of Citizenship and Public Affairs at Syracuse, and the University of Kentucky. Dr. Joyce has 12 years of public sector work experience, including 4 years with the Illinois Bureau of the Budget and 5 years with the United States CBO. In 1992 he received the CBO Director's Award for Distinguished Service. Phil has received his Ph.D. from the Maxwell School, his MPA from Penn State, and his BA from Thiel College. Did I correct --

DR. JOYCE: Excellent.

MR. BLAIR: And importantly Dr. Joyce is a Fellow of the National Academy of Public Administration.

To Phil's right is Dr. Steve Redburn. He's a distinguished lecturer, budget advisor, and authority on fiscal management and government performance with over 25 years of experience as a senior government official at OMB and the Department of Housing and Urban Development. Following his retirement from government service Dr. Redburn has continued his pursuit of budget policy through serving as a lecturer at GW. He is the Director of Fiscal Studies for the Centers on the Public Service and an affiliated member of the School of Policy, Government and International Affairs at George Mason. And in that role he helps lead research on the Federal government's budget processes with other members of the National Budgeting Round Table. He also served as the Project Director for the Peterson-Pew Commission on Budget Reform where he supervised preparation of the Commission's report and comprehensive reform of the Federal government budget process. Dr. Redburn formally served as a Scholar and a Study Director at the National Academy of Sciences where he directed a study in conjunction with NAPA of the fiscal futures of the U.S. Steve is a Fellow with the National Academy of Public Administration. He serves on its Board and is a member of its Executive Committee, and he also serves as the Board's Treasurer.

And with that we will proceed to our moderated discussion.

DR. REDBURN: I've been involved in enough conversations about reforming the Federal budget process now to begin to observe certain patterns. Many of them fall into one of two patterns. Many of them start with the lament that the current process is broken. And then there's a litany of evidence for that, failure to pass the budget resolution on a regular basis or to observe other opportunities to take advantage of other opportunities that are inherent in the Congressional Budget Act. The failure of course to pass appropriations by the beginning of the fiscal year in reliance on continuing resolutions and most years recently an omnibus that rolls up the remaining appropriations, games of chicken about the raising of the debt ceiling and about enacting a continuing resolution that would keep the government open. So there's a litany of evidence of that sort. And that leads to discussions about reforms that would help restore some order, perhaps return to some imagined regular order of the budget process, or at least make the task simpler, more streamlined, and therefore easier to finish. So we have proposals, for example, for biannual budgeting, which would at a minimum cut the number of missed deadlines in half (laughter), and proposals for automatic CRs or for automatic increases in the debt ceiling and other simplifications of the rules, making it harder to filibuster individual appropriations bills and so on. So that's one kind of conversation.

There's another conversation that starts by asking the question what is the budget process that the nation, a nation like the United States, needs to deal with its complex interlocking challenging, to look forward long-term and sustain the commitments that it has made and manages its resources effectively to address many, many -- a growing list always of demands on the Federal government for action and responsibility.

Paul Posner and I in a memo that we've drafted for a presidential transition project that is a joint project of NAPA and the American Society of Public Administration, start in that place, that is what kind of budget process do we need, what

would be its characteristics and imagine what that end point might look like for reform and then recognize at the same time that it's going to take a while to get there, if we ever get there. By the way, this memo is one of a set of two dozen that are going to be published next month by that project addressing different dimension of the governance challenge facing the country.

So we have listed in our memo, that you have available here today, a set of characteristics of a good budget process for the Federal government, one that we think should be more disciplined, predictable, and institutionalized, that facilitates negotiation and compromise, that regularly reviews all elements of the budget, including revenues and spending, that is more forward looking, giving greater attention both to growth producing investments and to long-term commitments, that supports stabilizing the debt at a safe level of the far horizon, in other words, that encourages decisions that produce a sustainable fiscal outlook, but at the same time is neutral with regard to specific policy choices. The process should not be biased toward a particular set of policies, including levels and balance between revenues and spending. And, finally, a process that makes more use of evidence, systematic evidence of how alternative resource uses would improve the government's performance in achieving national goals.

So in recognizing that we're not going to get to that kind of a process immediately, it will probably take many years and it's not the work of a single administration in Congress, we have some proposals for the new president and Congress to consider, some steps that could be taken in that direction. And one of these is to budget for national goals, to make room in the process annually for considering a small number, maybe a handful of major national policy objectives, and doing a deeper analysis of those. Inevitably and necessarily the process is always going to be primarily focused incrementally on marginal choices. That is, should we increase spending for this program, should we cut that program, should we tweak this or that policy? The process is also going to be for the most part as it is now, somewhat myopic, looking primarily at

the next year, the budget year, rather than farther ahead. And it's going to be stove piped or siloed. That is, the decision making is organized by agencies, departments, and their programs for the most part. And it's also siloed in the sense that decision making about revenue policy, tax policy, is separated in the process from decisions about spending.

But we propose to make room in the process for a deeper analysis, as I've said, of current Federal policies for a few major national policy goals each year, and if there's time later in the Q & A maybe we can talk more about how this would work in detail. But the idea is, in a nutshell, to identify a portfolio of policies that includes both spending and tax expenditures, spending through the tax code, and regulations and other policies that are associated with each of these major policy goals that tend to cut across agency jurisdictions, committee jurisdictions, and Congress.

And then through the work of the budget committee and the Budget resolution direct GAO, CBO, and others to analyze these portfolios which constitute essentially the implicit strategy of the Federal government today to try to achieve a given policy objective. In comparison to alternative strategies that might help us identify breakthrough gains and productivity and the use of resources for achieving that goal and it might also identify budget savings. So the idea is to make room in the process then for portfolio analysis and deeper analysis that would lead to recommendations in the budget resolution in the following cycle for review and decisions about that policy area.

So a second set of recommendations has to do with the budget committees and introducing this kind of an approach into the current process would imply a stronger role for the budget committees. I'm not going to say much about this because Phil has written about this and is going to talk about it. But we see them providing leadership and direction, shaping this and working through the budget resolution and reconciliation to help make it happen.

Third, we recommend establishing a multiyear framework and process

for the budget with targets for revenue and spending and for budget savings. This has become the norm in Europe and around the world really to have multiyear framework within which annual budgeting is done. And again Phil has written extensively about this and so I'm going to defer to him and let him talk about that when he gets the microphone.

The fourth step that we recommend is to regularly review and budget for tax expenditures and mandatory programs, which are now sometimes set on auto pilot, to make them subject to regular if not annual review and to require such reviews in the budget resolution, to develop more evidence about the effectiveness of tax expenditures that could be brought to bear in this kind of analysis, including the portfolio reviews, and to consider adding the totals for tax expenditures to both revenue and spending sides of the budget to provide a more accurate presentation of the true scale of budget. The revenue losses from tax expenditures annually are roughly equal to the spending through appropriated programs. So this would raise both revenues and spending by equal amounts without changing the deficit calculation. And that would certainly highlight the need to give them more attention. And we would propose for mandatory programs a regular process of review that includes setting longer-term caps or targets which would, if they were not met, require Congress to take some action to address that overage. So that's part of that recommendation.

And then finally, we propose review and revisiting of budget concepts. The last time there was a full review of the basic concepts that are used in the budget process and how they are applied was in 1967 when the President's Commission gave us the set of budget concepts that we largely adhere to today. But there's a long list of potential issues and agenda for a commission of the Congress and the president, perhaps together, to take a fresh look at the scope of the budget, how we define spending and revenues and many other issues that seem like they're dry and technical, but can have major impacts on the way the decision making process is framed and set up. And Rudy Penner and Barry Anderson have written for the National Budgeting

Round Table about this and you can read their paper if you want to get an idea of what the agenda of such a commission might be.

So those are some steps that we think would help us move the nation toward a process that would better serve its needs.

DR. JOYCE: Thank you, Dan, and thank you, Steve. Good morning. I'm very happy to be here. I've been following, more earnestly perhaps than many, budget reform ideas for about the last 25 years. In fact, when I was at CBO in the first part of the 1990s it was actually my job. I was introduced once to an external visitor by one of our macro economists who said this is Phil Joyce, he follows the budget process. We're glad he does because otherwise we would have to. (Laughter)

So there's a lot of these reform ideas that we're talking about that have been around for a while. There are some that are relatively new, but there's a reason I think that we've been focusing a lot on budget process reform in the last couple of years and I'll get to that later, but first I want to talk about the ideas themselves and start out by talking about these two reform ideas that Steve alluded to that I've been doing some work on. And second, talk explicitly about the activities of the House and the Senate, where both of the Budget committees have been focusing in quite a lot of depth on budget process reform in the last year.

So, first a couple of reform ideas I've been focused on. The first that I've been talking about and writing about for about 10 years is really focused on strengthening the budget committees. And the reason I think that this is important is you have to go back to the original aims of the 1974 Budget Act. And frankly I think there were two big ideas in the 1974 Budget Act. One big idea was CBO and the other big idea was the budget resolution, because the budget resolution was the key vehicle through which the Congress was to articulate its priorities. And in fact, in order to do what Steve just suggested, which is to focus more explicitly on entitlement spending, tax expenditures, really at this point the budget resolution is the main vehicle through which that would

happen. And the notion here I think is powerful, which is that in the absence of an articulation of an overall fiscal policy, congressional budgeting is simply the accidental and haphazard result for whatever laws happened to pass in a given year. And here I think the budget committees used to be quite influential. When you think back to people like Pete Domenici and Leon Panetta, they were powerful members of Congress and they helped to shape national fiscal policy. But the Budget committees I think have been weakened in recent years and this is in no small part due to the fact that the budget resolution has become a sort of his and miss proposition. In fact, over the past 16 years, including this one, we've only even passed a Budget resolution 7 times. The budget resolution, as you know, is supposed to be agreed to by the House and the Senate. Now in many years that's because the House passed one and the Senate either did not or there could not be an agreement reached between the House and the Senate. But this year, in fact, both the House and the Senate failed to pass a budget resolution, and as near as I can tell it's the first time in history that the House didn't pass a budget resolution.

So my notion here is that the budget committees would be stronger and taken more seriously if they explicitly included members of the congressional leadership. This is an idea that's actually been around since the late 1980s when former Senator Nancy Kassebaum suggested something similar to this. I would rename the committees committees on national priorities and I would include the chairs and ranking members of major committees in the House and Senate. And ideally I think this would be part of a larger reform of the committee structure. And I would go as far as to say that we might consider combining the Authorization and Appropriations Committees. But even if that's not going to happen, and it's probably not, I think reform of the budget committees themselves might be possible.

Second, as Steve suggested, I've been focused on encouraging a longer-term approach to budgeting. There's no question that the problems that we face

are long-term in nature and therefore they require long-term solutions. And in fact, again as Steve suggested, it's a budgeting best practice internationally to think about policy not in single year terms, but across multiple years. Despite the fact that that the Federal government is the largest and most complex institution I would say in the world, not only does it not focus on multiple years in its budget process, it doesn't even do annual budgeting well. So I would say, you know, a step in this direction would be actually to do an annual budget and do it on time. But let's go beyond that and start to think more specifically about some ideas that might focus more on the long-term. And these include an explicit focus on fiscal rules and targets, greater attention in the President's budget and congressional budgeting on the multiyear effect of policies, and encouraging the public and the press to focus on the long-term as opposed to perhaps the deficit number in a single year.

The ideas that we've presented so far, Steve and myself, are ones that largely came out of the NAPA Project or the Budgeting Round Table, but these two organizations are not alone in seriously considering budget process reform. Organizations like the Committee for Responsible Federal Budget, the Bipartisan Policy Center have also engaged in budget reform efforts. And in all of these cases, what they have in common is that lots of the usual suspects -- and by this I mean academic budget experts or people who've occupied high level budgeting positions, are the people who have been involved in these conversations, and frankly I see many of them in the room. And I have to say that all of these are serious efforts, but it's not unusual for people like us -- and when I say people like I us, I of course mean budget geeks -- to talk about budget process reform.

What is more unusual is the level of attention that budget reform has gotten in the Congress this year, largely through the substantial public record compiled by the House and Senate budget committees. Since late July of 2015 the House budget committee has held, by my count, 8 hearings featuring 29 witnesses on budget process

BUDGET-2016/10/18

reform. And the topics discussed have included first principles of budget reform, restoring the congressional power of the purse, biannual budgeting, controlling mandatory budgeting, fiscal goals, budget enforcement -- I could go on. At the conclusion of this the committee articulated five principles of budget reform. One, exercise Constitutional government. Two, promote and sustain fiscal responsibility. Three, restore congressional control of spending and taxation. Four, improve oversight and facilitate orderly decision making. And, five, reflect the true cost of programs. And I would submit that while people might disagree about the specific definition of each one of these things, many people who would focus on budget process reform would agree with these principles. In fact, Chairman Price has pledged a total rewrite of the 1974 Budget Act and the committee -- and I would encourage you to go to their website -- ahs published a number of thoughtful papers summarizing current challenges and presenting reform ideas.

The Senate has also been busy. Chairman Ezni in the Senate budget committee in a six-month period commencing in October of 2015 also held 8 hearings and those hearing featured 25 witnesses and focused on many of the same issues that were addressed by the House, biannual budgeting, regulatory budgeting, budget control. A June 2016 document, which I also commend to you, summarized without specifically endorsing lots of ideas coming out of these hearings. Some of these are ones that we've already discussed, budget concepts commission, focusing on tax expenditures, for example, but there are many others. And I'll just list them, but not elaborate on them, just to give you an idea of the scope of the ideas that are being considered. Making the budget resolution a law requiring the president's signature, again, creating a biannual budget process, ending vote-a-rama -- which, for those of you who know about the Senate, is a meaningless exercise in the Senate where senators consider amendments to the budget resolution pretending that they're making policy when they're really just scoring political points -- addressing the chronic problem of late appropriations, either by

imposing consequences for them or by providing for automatic continuing resolutions, creating a capital budget, eliminating baseline budgeting, and reforming how we budget for disasters. This is only a partial list, there were more in this memo.

Son, finally why all this attention to budget reform? I think there are two main reasons. First, there is the reasonable consensus that budget outcomes, whether we're talking about procedural outcomes or substantive outcomes are a mess. Faced with this reality it's easy to blame the process. I won't go into detail on this except to say that it's been my observation over many years that it's easier to identify problems than it is to devise solutions. In fact, the fact that there are a lot of problems with the budget process does not necessarily mean that the next idea that any of us have might be the solution. So I think it's important to be careful that we don't do more harm than good.

Second, I think there's a good explanation for all of this congressional attention to budget reform. I think it became clear to both the House and Senate budget committees that they were not going to be able to pass a budget resolution this year, and faced with that reality there were two options. One option was to close up shop for the year. A second option was to figure out how to productively use the time. I certainly don't fault the budget committees. In fact, I commend them for using the time that was available to them to focus on budget reform. And while some of us may not -- and I do not -- agree with more or some of these ideas, it's undeniable that both the House and Senate have made serious efforts at collecting and analyzing budget reform ideas and that there might be pay off from this later on if and when the moon and the stars align for budget reform.

The problem at that point will be taking this laundry list, figuring out which ones would genuinely represent improvements and then working to get the political system to accept these ideas. And certainly that's something we'll be hearing about in the second panel.

Thank you.

MR. BLAIR: Thank you, Phil, and thank you, Steve. Why don't we start off with a question for the panel up here and then we'll go to the audience and engage the audience.

DR. REDBURN: Next year will be the first time that under the GPRA Modernization Act the Executive Agency's processes of developing new strategic plans and strategic objectives will be synchronized with the presidential election cycle. So there will be an opportunity for Congress and the president to use that work to set an agenda for major policy reviews, such as we talked about under the heading of portfolio budgeting.

So I could imagine next year, a new presidential administration at a high level consulting with Congress about what the major policy priorities might be, not with the idea that they're going to agree on solutions, but that they might want to identify policy problems that are ripe for analysis. And at a lower level GPRA requires agencies to consult with Congress as they developed their strategic objectives and that is something that has not been well organized, but the budget committees could help organize that process.

So in other words, GPRA has given an opportunity to Congress and the administration to focus on major policy goals and how to achieve them and to build that into the budget process. Or you could imagine that leaders of the House and the Senate on their own initiative working through the budget committees could select some targets for in depth review. And then if that is done over the first year of the new administration -- and they might also draw on the work of GAO by the way on fragmented overlapping duplicative programs in selecting those policy areas for review.

If those reviews are conducted over the next few months perhaps with the help of CBO and GAO to do the analysis, or with the help of a congressionally chartered organization like NAPA, for example, to convene a panel, then the fruits of that could be used to inform the budget resolution for fiscal year 2019, which would be the

first full-fledged budget on the regular timetable for the new administration. So that's one way I can imagine this unfolding. And then the budget resolution could implement the findings of those reviews.

DR. JOYCE: I would just add a couple of things. I would say first, you know, to talk about the elephant in the room, it may matter who the president is, but leaving that aside I think that we history would tell us that there's more chance of things happening in terms of sort of legislative efforts in odd numbered years than even numbered years, and that the first year of a new presidential administration is often because it's a further distance away from the next election, is often a good time to focus on these things. Now, you know, having said that, political polarization is a real thing and so we shouldn't sugarcoat it. I'll leave this to the second panel, but I think we should not imply that this is going to be an easy thing to do because all reforms, whether they're policy reforms or process reforms, inevitably create winners and losers, and so there will be calculations in terms of who is in which camp.

MR. BLAIR: Why don't we go to the audience at this point? We have two mobile microphones. If you have a question and you're recognized, please identify yourself.

MR. COLLANDER: Good morning. I'm Stan Collander; I write for Forbes and I teach at Georgetown. And I'm a long-time observer on the budget process. Phil, I'm going to direct my comments at you, but you're both welcome to address them. And they're going to be a little strong, and I apologize.

I'm astounded at what I think is -- I'm going to call academic naiveté. You gave great credit to the budget committees for holding hearings on a budget process that they refused to implement. What makes you think that any new rules would be any more -- they'd be any more interested in implementing new rules than they are in the existing rules? Or why don't you give credit to the fact that they could do whatever you wanted them to now. They've got all the power they want, they just refuse to do it. So

what makes you think that process changes of any kind are going to get this Congress or the next Congress or the Congress after that, to do something they don't want to do?

DR. JOYCE: Well, let me start by saying that I think you know, because you and I sat next to each other and testified before the House budget committee that it is my view that the problem that we have is not primarily a problem with the budget process, that is I think we have a larger political problem and I think the budget process -- people who think that this is about a failure of the budget process are I think focused on the wrong thing. In fact, I testified a few years ago with Jim Nussle, the former chair of the budget committee, republican chair of the budget committee, and his advice to the House budget committee was before you decide the budget process is broken you might want to try it. (Laughter)

And so my view is not that they couldn't pass a budget resolution if they wanted to or that even there's a sort of fundamental problem with the structure of the budget process, I think the budget resolution is actually quite a useful device when it is used effectively. All I'm saying is that I think that it seems quite likely to me that the failure to pass a budget resolution this year was beyond the control of the budget committees themselves. And so given that they could not control whether the House could pass a budget resolution, and in the Senate whether the Senate could pass a budget resolution, that deciding that, you know, deciding to just sort of not do anything at all was an inferior choice to me to thinking about how the budget process might be changed.

Would I think it was better if they had actually passed a budget resolution? Yes, I would think it was better. It seemed clear that that was not going to happen. And so given that that was not going to happen how might they have productively used their time? I think they used their time quite productively under the assumption that the most productive use of their time would be to actually operate the budget process. It's been my observation that when the Congress and the president are actually focused on budget policy they don't talk about the budget process. They only

talk about budget process reform when they're not really focused on the budget process using the budget process itself.

DR. REDBURN: I'll just add briefly that certainly reforms are not going to be enacted or adhered to until political leaders think it's in their political interest to do so. With the reputation of Congress at a historic low I could foresee a time when a majority in the Congress might decide it's in their political interests to try to fix the process so it yields better fiscal choices.

MR. BLAIR: You both kind of laid out very ambitious reform agendas. So we always know that an ambitious agenda can sometimes collapse because of its own weight. So, realistically, do you think it's the best idea to go big, or do you think you should be going (inaudible) incrementally? And what are your thoughts on that?

DR. JOYCE: So, you know, I think that we've seen success in sort of both kinds of reforms. I think the odds of going big are probably greater if the budget process changes were actually tied to some kind of a major budget policy agreement. I mean this is what happened, for example, in 1990. So do I think that there will be a major stand alone rewrite the process from the ground up budget process reform? Probably not. And I think absent, you know, some big reconciliation bill that deals with the issues of budget policy, which then might have as one of its titles some kind of a budget process reform, we probably won't see going big. Other than that I think you're likely to see if there are particular issues, incremental issues, that get attention they might be attached to one piece of legislation or another.

DR. REDBURN: I would agree with that. I think the progress is going to be incremental toward the kind of budget process we need. But at the same time I think it's important, as I said, to have at the outset a vision of where you want to end up, what kind of process you want to ultimately move toward, and how the pieces fit together in a graded fashion. So you have to have some sort of concept of where you're headed, to help separate the reform ideas that are not going to be so productive from others that you

said there's a laundry list of ideas out there and I think you need some model or vision to help separate the weak from the chaff as you go forward.

MR. BLAIR: Questions from the audience?

QUESTIONER: Thank you. My name is Peter Gluck and I'm a Professor Emeritus of Political Science and Public Administration and I've done a fair amount of work in budgeting.

I want to just echo the comments of the previous questioner because I think the problem is much less a function of budget reform than it is the willingness of the current participants and even previous participants to follow the system that's already in place. So when you sign a letter that it commits you to not raising taxes or you say there are no consequences to failing to raise the debt ceiling, this suggests that no reform is going to work any better than the current system. And if you rescinded those things then the current system would probably work pretty well.

DR. JOYCE: I would just add that, you know, I've become fond of quoting Herb Stein, who was the Chairman of the Council of Economic Advisors, I believe under President Nixon, and he said basically, you know, there are two ways to improve budget outcomes, better people and better information. And since he didn't know how to get better people, that budget process reforms had always been focused on information. And I think if you look at a lot of the budget process reforms out there, they really are focused a lot on getting better information to the participants. My own view is that we've never had better information than we have now. And the budget outcomes procedurally or from a policy standpoint are worse. And so I agree with you that this is mostly a political problem, not a budget process problem. I think that, you know, part of the reason frankly -- and even in the organization of this event -- that the second panel is sort of following up and talking about politics and that a lot of discussion in the budgeting round table has been around political issues is a recognition that this is not -- it's not a technical budget process problem, it is that there may be some budget process problems,

but they're wrapped up in this larger political problem, which has to do with political polarization I think more than anything else. And if you can't do anything about that, then no sort of tinkering at the margins with budget process reforms is going to get you very far.

MS. DRISCOLL: Hi, I'm Lisa Driscoll and I am a budget technician at the Office of Management and Budget. And to speak to the point about politics, I want to get away from that and ask if you have recommendations in terms of presentation, in terms of the information you're talking about, and how we can present things that are not budget process reform per se, but the ways that we can assist in helping those decisions get made.

DR. JOYCE: Well, I think one is, you know, there are a couple of things, one that Steve alluded to, which is I think moving tax expenditures more sort of front and center into the process is a very important idea. I think tax expenditures are relatively invisible compared to spending even though they do effectively the same thing. If you give somebody a benefit through the tax code or you give it through a spending program, what difference does it make? It's a whole lot more transparent at this point what happens on the spending side than what happens on the tax side.

I also think that considering whether we want to expand accrual concepts as happened under the Credit Reform Act of 1990, you know, to other parts of the budget where we may be making long-term commitments, but where the immediate cash outlay is not a very good indicator of the sort of long-term cost to the Federal government, is also something worth exploring. But I think what both of those have in common is making transparent the actual costs of something when you're making a decision about it.

DR. REDBURN: That's a good list. I would add to it, isolating and separating investments from other spending and tax expenditures in the budget so that there's a separate category of investments as opposed to programs where the consumption of the benefits are generated almost immediately. That would highlight and

focus attention on those kinds of spending and tax expenditures that could perhaps drive economic growth and otherwise create a stream of long-term social benefits. And they might want to get more attention.

And I agree that they could be -- this is another opportunity perhaps to provide an accrual treatment of some sort to that set of investments. But there are a lot of issues to be dealt with, perhaps by a budget concepts commission before that's done.

I think in general the president's budget would be a better document if it presented more clearly how the resource decisions were guided by choices about the major policy priorities and how best to achieve those. So I would reorganize the material and the budget around major policy objectives to the extent possible.

MR. BLAIR: Rearranging those (inaudible).

DR. JOYCE: Well, I think the most important thing to do, and this is why I really like Steve and Paul's idea of portfolio budgeting, I think the most important thing to do is make transparent what the different tools and choices are that we are making around a given policy area. I mean right now frankly what gets in the way of that as much as anything is the organization of the Congress, the fact that tax ideas are under the jurisdiction of one committee, mandatory spending under another committee, appropriations under another committee. And one of the reasons you could bring all that sort of front and center, not only in the president's budget where it clearly could be done now, but in the budget resolution, is because these are the places where all spending and taxes are sort of being considered at the same time. So anything that would better inform those tradeoffs among the different choices of policy tools in a given policy area I think would be a step forward.

MR. STEIN: Hi, Harry Stein with Center for American Progress. I wanted to go back to an earlier point, the distinction between better people and better information. I thought that was really interesting. One of the most common ideas that you hear in budget process reform is to set some sort of cap on either spending, deficits,

taxes, usually mandatory spending, and then enforce that with automatic triggers. That doesn't seem to fit into either better people or better information, so I'm not sure if there's a third category, or maybe it does fit into one of those two. But where do you see those kinds of proposals fitting into the landscape?

DR. JOYCE: So I'm going to assert that there are two kinds of people in the world, people who believe in triggers and people who don't. And I'm going to say I'm one who doesn't. And the reason I don't is because I think they only work if they're actually a reflection of a broader consensus that we already have around doing something. That is that I actually think this is not an area where we're just sort of speculating. I think we actually have a lot of evidence going back to Gramm Rudman or even to the Budget Control Act of 2011, that's simply setting targets and even imposing some apparently Draconian consequence for not meeting those targets, is not sufficient if the people who are having to make the decisions that would involve inflicting actual pain on actual people at that moment are not willing to do that if instead they're willing to say well, we didn't mean it when we set the targets. So this is back to a sort of broader theme that I didn't mention, but you've given me an opportunity to mention it now, which is what the budget process is good at and what the budget process is not good at. And I think the budget process is not good at forcing people to make decisions that they do not want to make. It is pretty good at enforcing compliance with decisions that have already been made, but only as long as that consensus remains. That's sort of what we learned even with the Budget Enforcement Act of 1990, that the caps in the PAYGO system held as long as there was still a consensus around that, but frankly when there became budget surpluses, you know, that consensus began to unravel, and at that point we just sort of went back to kind of, you know, what happened prior to that.

DR. REDBURN: I believe Trigger was Roy Rogers' horse. (Laughter)
Having agreed with virtually everything Phil just said I would say it's partly an empirical question whether triggers and caps can be effective as a discipline. And we have a more

recent test in the BEA, in the Budget Control Act, and I would argue that there has been continued downward pressure on part of the budget from those caps, even though there's been some relief, and the enforcement of them potentially by sequester. So there's -- I'd say that they can have their uses temporarily, but they are only sustainable as long as there's political will to adhere to an agreement that has been set.

MR. BLAIR: Yes, sir.

: Someone else mentioned -- Larry Checco -- somebody else mentioned that before, but it seems to me that part of the real problem here is that how could you have a budget resolution when hundreds of guys on the Hill have already signed a pledge not to raise taxes? It's my understanding that all these folks can do is spend and raise taxes. And if they've given up half of that equation how do you move?

DR. JOYCE: I'm not even sure that's a question that needs an answer, but I do think that, you know, this is all part of what I would call sort of the vanishing middle. I mean political scientists, you know, these guys know better than I do, but there is essentially in the Venn diagram that, you know, is the sort of common ground between republicans and democrats. At this point, you know, the democrats have moved further to the left and the republicans have moved further to the right. And I will say that many of the democrats are as opposed to making changes to entitlements as the republicans are opposed to raising taxes. They haven't signed a pledge, but it doesn't mean that they don't sort of think in that way. And I think that's the big challenge, is since the magnitude of the problem is such that we would need to do both of these things -- in my opinion we would need to both raise taxes and get control over entitlement spending -- if you have one party that refuses to do one and the other party refuses to do the other, it's very difficult to get to where you need to go, which is why there's all the attention on discretionary spending, which is not really much of the problem. You know, that there are a lot of people that want to control discretionary spending and they don't want to talk about the two places where really you could make a big difference, which is entitlement

spending and taxes.

DR. REDBURN: In international diplomacy there are techniques that allow people to reach agreement on particular actions without abandoning their commitment to their principles, such as not increasing taxes. And when there was a center -- in 1986 there was a tax reform that lowered rates but eliminated a lot of the tax expenditures or loopholes in the Code. So I could envision perhaps something like that coupled perhaps with some increased attention to investments, long-term investments in the budget as a basis for an agreement that would allow people to step away from their hardened positions, but not necessarily anytime soon.

MR. May: I'm Rick May with the House budget committee. I've raised reluctantly -- but when Stan Collander stands up I usually have to stand up too.

(Laughter)

First of all, I'd like to thank Phil for the very nice comments about the budget committee. We worked really hard this year on budget process reform hearings and both Steve and Phil were part of that.

I think from our experience of the example why the budget resolution didn't pass this year was because of spending and nothing to do with taxes, because there is still sort of political angst over the budget agreement that was reached last fall. So it was really a spending problem.

This is not really a question, but it's what we discover is that many of the members, as much as we try to educate members, they either do not understand the process or they see no ramifications for not doing the process. So is there anything that the collective we can do to help the budget committee educate members and try to explain to members what the essence of the process is and that there are ramifications for not doing something?

DR. JOYCE: Well, I mean, you know, in one sense I think you did it, but I think you have to figure out how to broaden it just beyond the budget committees. I

mean I would argue that the budget committee members in both the House and the Senate are more educated on the budget process now than they were a year ago just as a result of all of this parade of people that came before them, but they're still only a small number. And so my challenge to you would be sort of how do you expand that to better sort of educate the rank and file.

And I'll stop there because it says stop right there. (Laughter)

MR. BLAIR: We have a hard stop. I greatly appreciate your questions this morning and the opportunity to be here with the panelists.

We're going to have just a very short transition to the next panel moderated by Stuart Butler. (Applause)

(Recess)

MR. BUTLER: Okay I think everybody has had a full inning stretch. If you could take your seats, we will continue with the second panel which will develop a lot of the themes and the discussion I know we had in the first panel.

Let me say that some people say economists always get good arm exercise because they are always saying on the one hand and then on the other hand and I think that certainly applies to thinking about the prospects for the form of this budget process. One the one hand we see as many have said, a very polarized congress, we've seen difficulty of getting members even to talk to each other and get to know each other. We've seen efforts in recent years to improve the process or even to use the process as several have said have been pretty disappointing. It is easy to be gloomy about the prospects for reform.

On the other hand, I think there are some favorable signs, some of which have been mentioned that may suggest that there is a possibility at some point in the future, maybe not immediately for the reform planets to align and for us to see some changes. Now I've been often accused of being an optimist and I will do that right now because I think there are certainly four signs that might suggest the possibility at least at

some time in the not too distant future of some reform in these areas and some have been mentioned.

The first as I think Phil Joyce particularly focused on we have seen within the Congress in the budget committees in both chambers. The leadership in particular the majority holding a series of hearings to look in some depth at a lot of reform ideas and a menu of ideas have developed from that. Now I think in an election year it is hard to imagine those will move forward very much or even perhaps in the next several months in the new administration in Congress. There has been talk of ramming through some reform ideas around the budget agreement or even possibly a debt ceiling changes have been done in the past of course. But I think that the most important feature of this is that we are seeing a process of laying out very developed ideas and proposals and pieces of legislation through these committees for public conversation and by conversation by organizations such as ours. So I think one of the things we've seen in this which is an important sign is the beginning of a more public conversation around some of these ideas emanating from leaders in Congress.

I think secondly, I think there is some indication that some of the interest groups and stakeholders who are directly affected by the budget process or the lack of an effective budget process beginning to engage or be open to a conversation about how to craft a more effective budget process. There is a kind of prisoner's dilemma aspect of this where I think lots of organizations feel that by pursuing their own objectives rigidly and uniquely that they are actually going to do less well than having a more constructive down the road. And one organization represented here in the audience which I'm also involved in, an organization called the Convergent Center for Policy Resolution is actually bringing together a range of stakeholders directly affected by the budget and the budget process to say is there a way we can think about a mutually beneficial changes in the budget process that would advance all our objectives.

I think a third indication, again which has been mentioned is that if you

like the usual suspects in the research community have increased their activities and developed a number of major proposals Bipartisan Policy Center, Brookings of course, NAPA and others have been doing this with much more enthusiasm I think in recent months.

And I would say finally perhaps after this election maybe the leaders of both parties and parts of the government might come to the conclusion that it is in their mutual interest to begin to indicate to the American people that the government can in some ways actually function as a way of beginning to kind of build confidence in a system in our democracy that will allow the variety of ideas of what should be done in the country to be debated and for budgets to be put together that reflect those. So perhaps there is reason for some optimism.

Let's see if the panel agrees with me on that, I suspect some might some might not on the possibilities and to think about how would we set up conditions, a political environment that might make it more conducive to changes in the process in the future. We have four political scientists and veterans of the budget process and the budget. They are all members of our budgeting roundtable and let me introduce them very briefly and let the share their views. First Roy Meyers at the far right which might not be ideal for him but at the far right who is Professor of Political Science at the University of Maryland, Baltimore County. Roy has written extensively including a paper outside on how lawmakers make decisions and how one might be able to craft different language and a different framework to get more effective conversations taking place. Secondly, my colleague Molly Reynolds who is a fellow in governance studies here at Brookings who has written extensively on the Senate, on the budget resolution and other aspects of the political process. Third, Bill Hoagland who is Senior Vice President of the Bipartisan Policy Center and is a 33-year veteran of federal government service including many years on the staff of the Senate budget committee. And last but by no means least, my colleague Alice Rivlin who has pretty much had every budget job it is possible

to have in Washington as far as I can see. She has been Director of the Office of Management and Budget, Vice Chair of the Federal Reserve Board and the Founding Director of the Congressional Budget Office. So let's begin with Roy.

MR. MEYERS: Thanks Stuart, good morning everyone. I guess I prefer the audience's perspective maybe I'm on the center left. So I'm going to make two points this morning. First that reforming the budget process will be very difficult but it won't be impossible. Despite the current political situation in the next few years that may actually see a greater chance of meaningful change that has been the case in recent years. Second that a plausible strategy for reforming the budget process is emerging. This strategy emphasizes what Steve was portfolio budgeting which could satisfy the interest of both parties to participate in a fair fight over how the budget allocates funds.

So to start with the first topic last year I wrote a paper for the National Budgeting Roundtable that is online and a brief version of that paper was published this past spring by Brookings is available today. The title of that longer paper is the Political Feasibility of Doing What is Almost Impossible. So I want to start with emphasizing which makes this situation almost impossible which in effect means that only minor reforms of the process can be adopted by the majority party through rules rather than rules forced through at the beginning of Congress without the ascent of the minority. Most significant reforms will have to be bipartisan. But of course we've just talked about how this process in American politics has become the opposite of bipartisan, we're very polarized and there are vast differences between the two parties on most major policy questions. And that is a problem because budgeting is a process in which traditionally the parties have resolved their differences at least partially by making temporary compromises. And in addition, we have had traditionally a norm that annual budgets and appropriations bills have to be completed. That norm is dead. It is absolutely dead. When Rick said he needed to educate the members that is a good illustration of that. Frankly from the perspective of budgeting people it is inexcusable that bills aren't passed and the same

thing with budget resolution. We need to come back to a situation where the norms of budgeting are really paid more attention to.

In addition, we have this election year which is completely atypical. The typical election year highlights major differences between the parties. This election season has in effect neglected most major policy issues. I'm going to step out on a limb and say there is a likely winner which is Secretary Clinton and I don't think she's going to have much of a mandate from this. The only good thing I see from this election regarding issues, regarding the budget process is that the perspective Vice President Senator Kaine has been an actor supporter of better budgeting while Governor of Virginia and as a member of the Senate Budget Committee. He actually participated in the hearings that Senator Enzi chaired.

In the House the GOP has published not only the publications that Rick mentioned but from the Speakers Office Six Better Way publications which appear to me to be preparation for a substantial policy and process move next year that with what our mostly familiar party positions and great contrast to what Mr. Trump has proposed and the Better Way publication on the Constitution promises and I underline promises to pass appropriations and regularly scheduled reauthorizations on time. Speaker Ryan also said yesterday that he would like to start with tax reform. Frankly, I think there is some potential for tax reform but I'll be interested to see the negotiations about how like kind exchanges of depreciated real estate property will be treated in the tax code.

So my guess is that the fallout in the GOP from this presidential election will take a fair amount of time to settle. I'll leave it Molly to discuss how the margins of party control on each side of Capitol Hill will affect prospects for better reform. However, I do want to agree with Steve and Phil and Stuart in their observation that the House and the Senate Budget Committee hearings are a somewhat encouraging sign. Although I'll say only somewhat. First, as Stan and others have said some think that the process hearings were a cover for the unwillingness to make timely budget decisions. Second the

hearings revealed very substantial differences between the parties and how the process might be improved particularly in the house. As we well know, the polarization of the House is somewhat larger than it is in the Senate on budget processes and many other issues.

On the good side I think these hearings also showed that many legislatures are frustrated and embarrassed by the Congressional budget dysfunction. And that's a necessary step for reform. Shortly after the Congressional Budget Act was passed, Thomas Dodd, a political scientist, wrote a number of very good articles about how Congress reforms itself. He argued that in the case of the Congressional Budget Act one reason why it has passed is that members decided that their own electoral process were harmed by serving in a dysfunctional body. Now they can get away with that for a while by running against their colleagues and running against the institution. Dick Fenna wrote a famous article for *Time Magazine* basically asking if Congress is the broken branch of government why do we love our members of Congress so much and the answer was they were all running against Congress. Eventually, you can't get away with that and I think we've reached that point. Another positive result from the Senate hearings is that I think there was some bipartisan recognition of the desirability of making at least some minor changes such as limited the (inaudible) that Phil mentioned.

So to get to the second point what is the plausible strategy for reform. I think the Budget Control Act of 2011 was massive mistake in trying to create a grand bargain for debt reduction. I don't think that it is possible to force one through so called action forcing mechanisms. Actually to bolster Phil's point I wrote an article called the Implosion of the Federal Budget Process that was published in *Public Budget and Finance* about that very issue. There really wasn't enough trust between the parties to enable compromises over the big differences that they have including the tax pledge and social security expansion. So instead we focus on the back up provisions of that Act for discretionary spending which creates stupid policies and it had to be revised in 2013 and

2015 and it will have to be revised again next year. So I think the better alternative is to drop the obsession with a grand bargain and instead try and figure out how it can improve how the budget process allows government officials to allocate the government's limited funds. I think the portfolio approach is the right first step on this alternative path. After all, you only can get fiscal discipline for the whole of government if you have a reasonable way of allocating funds for each part of the budget. Senator Enzi suggested that a subcommittee of the Budget Committee could be tasked with the reviewing a sector of the budget including spending through the tax code, that is a Republican saying looking at spending through the tax code which would allow "reducing wasteful spending and focusing attention on measurable results". By the way no legislation is needed for this. The budget committee could appoint subcommittee and could use reconciliation and that could be tied to the Government Performance and Modernization Act that Steve mentioned given the strategic plans that are supposed to be coming out the agencies over the next couple of years. In some contrast the staff paper on the House Budget Committee majority warned against this approach as potentially promoting a "tax and spend" result. I think that's an unfortunate conclusion. Although I understand that it is responsive to the House Freedom Caucus opinion.

So I think that the real challenge that we face is how to convince each side that they'll get enough out of the portfolio approach to make its risk worthwhile. In the Brookings brief that was handed out here I mentioned two framing approaches for trying to make that argument. First is I think far too often we talk about budget process reforms as the equivalent of terrible tasting medicine that must be swallowed in hopes of avoiding certain and eminent death. And that negativity is really not credible. Instead, I think we need to be much more positive to switch from the medicinal metaphor to replace the sticks of budget process reform discipline with a carrot of how can we make the United States a better place by devising a way to allocate funds that will make programs more effective.

Second the portfolio approach will enable each side to have a say in a fair fight over how spending and tax policies in each sector of the budget should be improved. To quote two sentences from my brief deficit hawk should especially value this level playing field affect because it would encourage more competition between claimants for funds, competition is a good thing, most American's believe in that. And those who want to expand spending on specific programs could claim that reallocating funds from ineffective and low priority programs would produce opportunity benefits. Again switching from the opportunity cost negative idea to the opportunity benefits of making America better again.

To be clear and I suppose controversial to some extent I view this approach as a minimal needed reform. I agree with Phil's suggestion that over the long run Congress needs to make larger reforms to its duplicative and inefficient committee structure and legislative procedures. Alice said that many years ago and she was right then. Congressman Lipinski and LaHood have sponsored a bill that would create a new committee on the organization of Congress which I hope will be considered seriously next year. For now, I think we should try the baby step of portfolio budgeting. Thank you.

MS. REYNOLDS: Thank you Stuart, thank you all for coming. What I'd like to do today is two things and the first is to ask if advocates of budget process reform in Congress have any hope of building momentum for any sort of process changes what questions to we need to answer. Here I'd like to begin by reminding us that fundamentally legislative processes and procedures whether they're in the budget process or anywhere else are about allocating power within the chamber and changing the change who has the power.

So the first question is can you convince individual members that it is in their political interest to support process reforms. Roy touched on this a little bit but specifically would budget process changes reallocate power in a way that makes it easier for individual members to achieve their individual goals especially reelection. So let's

think for example about biomeal which was mentioned briefly on the first panel. So is there something about setting budget aggregates every two years that would make individual members of Congress better off. Maybe if it means that a preparations bills were actually more likely to be considered. I think individual members would consider that a worthy goal. Individual preparations bills give members a chance to offer amendments, take positions on particular issues. That to some degree assumes that the obstacle to finishing the appropriations process is not enough time. So you can take that or leave that. The same logic takes changing consideration of the budget resolution which as Stuart mentioned is something that I've done some work on. So members claim to hate especially in the Senate the current consideration of the budget resolution, the voterama. There is solid argument to be made that the voterama represents one of the few chances that members have in the Senate now to actually offer amendments in a way that is unstructured by the party leadership. So would you actually be able to convince members to give up their chance to offer amendments.

So second question what are the consequences for budget process reform for existing power basis in Congress. So I think one of the biggest lessons that we should take away from the passage of the Congressional Budget Act in 1974 was that that Act did little did threaten existing power basis in Congress and simply imposed a new structure on top of the existing set of appropriations authorizing and revenue committees.

So where are the power basis today? There is some sense that the power of authorizing committees has declined in Congress. Is there a way to convince members particularly authorizers that moving to some different parts of the budget process would reinvigorate the role of committees more broadly? I could image portfolio budgeting if passed to reinvigorate some power for authorizers would get some traction here. To think about one of the things Phil mentioned earlier if we were to try and strengthen the Budget Committee where would that power come at the expense of? Would it come at the expense of someone else?

The third question is what is the relationship between process and outcomes. Just like we can't isolate the process from the politics we can't isolate the process from the outcomes that the process produces. So any ability to build momentum for process changes must account for the fact that members especially rank and file members without expertise in how the process works are likely concerned that a coalition that is pushing a set of change to the process would be doing so because they want to produce a set of policies that a new process would be easier to achieve. Members aren't wrong to be worried about this. There are other changes to congressional rules and procedure that have been motivated by similar political concerns rather than by principle to motivations about how to make the institution work better. This is a particular challenge if a set of process changes in the budget process or otherwise are being largely advocated by members of one party.

So the second thing I want to do is shockingly to no one we're about to have an election and what could this mean for the prospects of building a Budget Reform Coalition. So in the House, again shocking to no one we're in the midst of a period of pretty significant intraparty conflict among elite Republicans especially within the House Republican party. There are reasons to think that the house Republican conference may get smaller in the next Congress. There is a lot of hand wringing right now in the political press about how many seats Democrats are likely to pick up in the house, I'm not going to forecast that here. If I could that well this would not be the job I should have. But what is important to note that if Democrats do pick up seats they're likely to be in swing districts and as a result they're likely to replace the kinds of members who have been in the past several Congresses more likely to go along with big, sweeping budget deals that are negotiated by Democratic and Republican leaders.

The House Freedom Caucus and other allied members on the more conservative wing of the House Republican party may increase in both size and influence in the next Congress. So there is some evidence that the Freedom Caucus has recruited

candidates or been involved in helping to recruit candidates in some open Republican seat. Candidates who are more likely to be allied with them. We saw this happen in the seat that used to be John Bainors in Ohio and then in influence. If the Republican conference is overall smaller and the Freedom Caucus and its allies, make up a larger share of that conference we may see them be more influential.

So in the Senate, whichever party wins the Senate and that is still quite unclear it is likely to have a small majority. So we're going to be dealing with a small either Republican or Democratic majority in the Senate. And so what this means is that if we do have a stronger sort of conservative wing of the House Republican conference that means that more influential group in the conference who may see budget process reform as being more closely associated with a particular set of policy outcomes. That opens up two possibilities as I see it. One is that a conservative wing at the House Republican party pushes for a set of budget process reforms that reflect a set of their policy priorities which would be extremely difficult to move in the Senate even if Republicans controlled the Senate unless you go the reconciliation route which would have its own challenges and just wouldn't make a lot of sense if we have a Democratic president who'd be likely to veto something.

A more bipartisan approach that would basically write off or jettison some more conservative house votes in favor of Democratic votes would be I think a sub optimal place for the Speaker of the House to alienate the right end of his caucus. If we think there is some sort of maximum tolerance for taking votes in the house that some Republicans oppose it doesn't make a whole lot of sense to me to use one of those budget process reforms.

So finally, what about this notion that's been mentioned in the press and that was mentioned on the first panel that the place where we might see budget process reform in a new Congress is as a part of a broader budget agreement especially something that is considered must pass like a new two-year budget agreement or debt

ceiling measure. So in principle this makes some sense. To the extent that Congress has a negotiating strength anymore it is the ability to log roll things together in the current partisan environment, large omnibus measures with carefully constructed log rolls have been an important tool for leaders to get things accomplished without have to take repeated votes which is especially hard in a polarized system where coalition building is a challenge. If we're talking about some of the smaller scale changes that we've discussed there is some evidence from the political science literature that those kinds of measures are more likely to make it into big omnibus bills. Divided government which we are increasingly likely to see in the new year also increases the likelihood of omnibus legislating. The catch here is that you want something that is important enough to have supporters who are willing to fight for its inclusion in an omnibus but not something that is so important to opponents that if it's in there it would have the potential to derail a deal. I'll stop there.

MR. HOAGLAND: Good morning everyone. Before I begin let me give a shout out to Dan Blair and the service he's given to NAPA. Maybe some of you might know that he is stepping down as the leader of that organization. I only know that because I was asked to serve on the search committee to replace him. Let me begin with a simple fact that has already been discussed briefly here is when the governing process fails to function or more importantly when it is perceived by the majority of the electorate to have failed I think reform is not only necessary but essential to maintain our democratic process. I think the fact that the House and Senate have concluded their business for the last 18 years in a lame duck session following an election we're going to have a 19th year now is clearly an indication that the process in not functioning correctly. And that's not to mention what has already been mentioned a few times here only once in the last 20 years have all appropriation bills been completed on time and only once in the last seven years have we had a conference agreement on a budget resolution. Further I've always used as a mantra that governing is budgeting and budgeting is governing. I

now say if you cannot govern you cannot budget. As Stuart made an observation at the outset today we know that from long running surveys research that the public's confidence in Congress is at its lowest point ever since such research has been conducted. And now when confidence in the Congress is at these very historically low levels it makes it even harder to advance positive reforms since the level of cynicism and skepticism only feeds on itself and the public's perception is that the reforms are not really reforms at all but changes to benefit those "who are in power". So it is a vicious circle. I think it should be clear by now for everyone from the presidential campaign that there is a very large swath of the American public out there who believe that the process has failed them and quite frankly for many middle America it has failed. So whether you support a Democrat or Republican candidates in a few weeks I think the key to the purpose of this panel is to be able to restore confidence in the government and it's crucial if we're going to overcome those obstacles to reforming the federal budget. I'll come back to that in just a minute. But as it relates to the process itself first as Phil said earlier I think the basic structure of the '74 Congressional Budget Empowerment Control Act was sound. I argue that in many ways the act was not meant to necessarily force a particular policy outcome but rather to put into place a very straightforward accounting system for the Congress so that the right hand knew what the left hand was doing. It was a system that created a process to set broad parameters for spending and revenues at the beginning of the session so once they had finished their session they were not shocked by the outcomes they had produced. In many ways the process was agnostic from my perspective as to whether it would produce surpluses or deficits but at least if they carried out the process they would know that they were producing surpluses or deficits ahead of time and a fiscal blueprint would be set. Something that did not exist before the '74 Act. That process changed however I would argue in the early Reagan years with the use of the so called reconciliation process more broadly. But most importantly and with the reforms included later in the passage of the Graham Rudman

Hollings Act in late 1985 and those reforms many of which we are still living with in the aftermath today set very fixed policy goals. At that particular time a balanced budget at a fixed date. I would argue that those changes fundamentally altered the process from basically being a policy neutral process an accounting tool to one that attempted to force out comes to a specific fiscal outcome.

Now I've been a participant in some of these reform proposals over the years. Some of you in the audience I know might also say that they were complete failures and I was responsible for that, fine. So any advice I give today probably should be looked at probably with some skepticism. But I have come to the conclusion that we can talk all we want about changing maybe to a biannual budgeting or an appropriations cycle or recreating the commission on budget concepts, both changes by the way which I support. We can talk about changing it from a concurrent resolution to a joint resolution eliminating voterama just as a sidebar there. I've been through quite a few voterama's and I've always concluded that at least it was a safety valve and they were doing less damage with voting on amendments that didn't mean anything than on amendments that really did.

So let me come back from the scriptures. Physician, heal thyself. Congress, the governing body needs to heal thyself before it is too late. There is no shortage of ideas. We've already heard a lot of them on how Congress might heal itself from academia from media, my organization Bipartisan Policy Center to NAPA to Brookings, the Congressional Institute. Clearly we are not short of ideas and ideas many of them have merit I would agree we cultivate ideas quite well. The problem is in growing them and harvesting. So I have come to the further conclusion that the time has arrived as it did when we reached similar low points in the past, in 1921 Budget and Accounting Act, the 1946 Seventy Legislative Reorganization Act and yes the 1974 Budget Act. It has come time to look at the entire legislative process not just the budget process.

Here there is some good new and Roy has already mentioned a little bit

of it. On September 28th right before they went out and departed for the election a bipartisan House concurrent resolution was introduced sponsored by the Republican Congressman Darren LaHood and Democratic Congressman Dan Lipinski both of Illinois to take this reform discussion to a new level. The resolution HConRes 169 would establish a bipartisan joint committee on the organization of Congress. It currently has 38 original cosponsors on its introduction, that was as they were going out the door so I would hope that when they come back after the election that more will sign up in the post-election period.

We have had three similar joint committees over the past 100 years. The last being created almost a quarter of a century ago. This particular joint committee would be comprised of 24 members, 12 each from the House of Senate evenly divided between the parties. The resolution does not set a specific agenda, it would merely serve as the platform and the mechanism where all ideas those that were discussed here including those in the public they could debate and it would result in some final recommendations. Sadly, my old stomping ground a companion resolution has not been introduced in the Senate and of course with only 12 scheduled legislative days when they return the lame duck act know if any of this is going to take place. But regardless of who controls the Senate or House and the 115 Congress I would hope that the bipartisan nature of a resolution could be considered and adopted that if this was adopted it would pave the way for consensus on budget reform recommendations and most importantly begin this very arduous and slow task of trying to restore some of the public's confidence in their government.

Reforms will not be enacted just by our good ideas here in think tanks or in academia or from advocacy to promote these ideas. Congress has to do this themselves and they have to show the public they can heal themselves to restore that loss of trust.

MS. RIVLIN: I want to start by reassuring Stan Colander and anyone

else that appearing on a budget process panel does not mean that I think that the process is the problem or what we primarily need to fix. As many have said eloquently we're witnessing a breakdown in our political process, in our governing process which we have to heal if we're going to be a great nation. I don't think the problem is primarily in polarization of views although that contributes. It is primarily in losing the idea which is fundamental to our constitution that we need to have a process of compromise. That governing is compromise and never is it more evident than in any budget making. Budget making is essentially compromising and allocating scarce resources among priorities in a compromised way.

That said, we all agree that the budget process is broken. It hasn't been used as Bill pointed out or completed on time in a very long time and even when it was working it had major flaws. I think there are three. It is too complicated for most members to understand. Too many layers that chew up too much time for Congress and the executive. That is not the fault of the '74 Act it was already there and the '74 Act was layered on top of an already complicated process.

Second, it leaves out the most important part of the budget. It left out entitlements and tax expenditures which were already growing disproportionately in 1974 and have grown much more disproportionately since then so that the focus as everybody has said is on a declining portion of the budget and that doesn't make sense.

And third it never involved the President and the leadership of Congress in a clear way that allowed them to resolve their major differences and work together on the big decisions and then move things along.

So while going back to regular order sounds nice and it would certainly be better than doing nothing at all regular order wasn't doing its job even when we were sort of following it. Now it is tempting because we're scholars of the budget process in this situation to say let's blow it all up and start over, here is this neat plan of how things ought to be done and we've heard a lot of good ideas today and the people in this room

could design a more elegant process that would have the right incentives for both speed and fiscal rectitude built in. I think such a process would be inclusive, it would include all spending including tax expenditures and revenues. It would have a longer time horizon and it would have the leadership heavily involved. And it is hard to do that without restructuring the committee structure first and I was glad to hear Phil Joyce eluding to an idea that I first promulgated before the 1974 Act. Most of you weren't alive then.

Restructuring the committee process.

But as we all know it isn't just the budget process that is broken the whole decision process is broken and especially if the Congress, if we turn out to have the political situation, divided government and the situation in the House and Senate that Molly describes I would not advise anybody either the new President or the new leadership of Congress to start with trying to reform the budget process. They have to start with the minimum necessary things they can agree on to keep the government running and then find ways to explore and act on the common ground that I believe they do have in the policy area that can allow them show some things can function and as Bill said restore some confidence in government.

So I would say maybe even start with an omnibus appropriation proposal for two years that would get the government funded and you'd have to work out the compromise on how to do that but just do it and get that out of the way. And then start working on some of the policy proposals on which I think they might find common ground. One of them would be a major infrastructure bill and maybe some other investments in research maybe early childhood. Another would be corporate tax reform. Another believe it or not I think would be social security reform. If you had done those major things in the first Congress you would have done a lot and then you could move on to some of the more controversial pieces, individual tax reform being one of them and Medicare reform being another. I don't regard those as urgent or as feasible as the others which is why I put them up front. But I think Bill is absolutely right. The task is for

the two branches to work together as well as they can to restore confidence that our government is functioning, can do something, isn't totally broken and I'd first get the appropriations out of the way for a couple of years and then say what can we do together that will show that government functions. Thank you.

MR. BUTLER: Thank you very much. We have about 30 minutes for question and conversation but maybe I could just ask. Initially I heard when we heard the panelists I think the argument particularly by Roy and by Alice that we should get away from the idea that we're going to get change in some big way as a result of dealing with a big crisis and instead sort of move much more towards and incremental approach. It is a bit like I think the theories with achieving peace in the Middle East. Rather than start with the future of Jerusalem let's start with how we pick the garbage up in different parts of the areas. Is that a general consensus, Molly and Bill in particular do you share that view?

MS. REYNOLDS: I think that the extent that there is any real possibility for getting anything done, yes. What is feasible is smaller rather than larger.

MR. HOAGLAND: I concur that it is incremental changes are the way the process will be performed. I guess maybe my hesitancy in answering this question is I look at that joint committee on the reorganization of Congress as being something that is bigger than incremental because you're talking about changing the structure of the Congress, you're changing the structure of the committee's and their responsibilities. But at least to the extent you're setting the joint committee up you're at least making an incremental step in that direction.

MS. RIVLIN: I would concur with that in part because I think getting people thinking about the structure of Congress is a really good thing and it is going to take such a committee quite a long time before it brings anything to the floor. So I think this is not an incompatible motion.

MR. BUTLER: All right we have two microphones available for questions. Please announce your name.

MS. BOSHA: Ramita Bosha with the Heritage Foundation. I wanted to talk about the point that Stuart just made in referring to the fact that the programs that are driving most of the increase in spending projected over the next 10, 20, 30 years also happen to be the most popular programs politically. Does that not mean that in order to bring about any political motivation to do anything about those you need a lot of political cover for those lawmakers who are going to tackle those programs because any changes that you make there will be losers. Now there will be winners as well because the status quo is not particularly suitable for many of the populations. Programs like social security and Medicaid are supposed to serve. But I do wonder if you need some sort of a crisis and it could be combined with an economic crisis or fiscal crisis to bring about the political cover where law makers can say we need to make these changes. We knew all along these programs were unsustainable but we had no political incentive to reform them but now there is a natural limit whether that be the deficit is out of control, borrowing costs spiral, we actually have to do something at this point. I just don't know that we're going to tackle these challenges with incremental changes because there is no reason to.

MR. MEYERS: Okay I'll start. I'll put a specific policy in your category which is health policy and Alice and Bill know much more about this than I do but it seems to me that the problem that we face which is excessive cost and excessive cost growth it is also an opportunity and that we need to think about how we structure the budget process to make it more likely we'll take advantage of the opportunities for incremental changes in the sector year and year after year to make the quality of health better and reduce the cost of both the private and public sector. Endless votes of repeal and replace is not the way to do it nor is the current structure that conducive to making the kind of intelligent changes in the health sector that we need. For example, we have a budget scorekeeping rule about so called CIMS, Changes in Mandatory Spending which is an understandable way of trying to control gimmicks but also prevents reasonable

tradeoffs between investments and the discretionary side of health spending such as with HERSA that might reduce Medicaid outlays over the long run. One of the advantages of the portfolio approach whether it is done in an incremental way like we suggested or the more ambitious way that Bill and I support of committee reorganization where we for example have a health committee is that we'd be focusing on the policy issues as well as on budgetary costs and scoring. Right now the process just excessively focuses on annual scoring and not enough on the big picture.

MS. RIVLIN: Two things. One if what is going on in our political world right now is not a crisis I don't know what is. I think we have a crisis of governing though it may not be an economic crisis that should be sufficient to propel the newly elected leaders to say how can we get governing back on track and I think that is trying some confidence building measures.

But as to health the reason I didn't put health first is because I think it is too difficult. I'd put social security first and the entitlement reform because I don't think it is that hard and I think you could find some common ground there. The thing about health is A it is really difficult if you're going to make major changes but B you don't need to. A lot of the reforms that would make our system delivering healthcare more cost effective are actually happening and we've had very small increases in healthcare costs despite the rigmarole about premium increases in the ACA that are very small. We've had very small increases in total health spending recently and so we're not in a crisis there and we're on the track to some solutions.

MR. HOAGLAND: I'll just quickly respond that two things. I agree with Alice that healthcare costs have come down on a per capita basis. The difficulty is the capita's are going up at the same time and that is creating a spending issue. But to your question and I agree with Alice on social security we have a crisis coming and it is 2033, 2034 in terms of a 22 percent reduction from what people think. So I think the time to address social security is now.

MS. RIVLIN: And those people aren't our grandchildren they are middle aged workers.

MR. HOAGLAND: They are people in this room here. The other point I would simply make this goes back to the earlier discussions about the presentation. I think we've got a problem with our "baselines" because it is always a cut. We're not talking about cuts we're talking about slowing the rate of growths and that is different. Somehow that part -- also finally I remember when Secretary Panetta was leaving his job he said there were two ways to address these budget issues. One is through crisis and the second is through leadership. I think it is back to the big picture here. Unless we have some bipartisan leadership not only out of Congress but out of the Executive Branch too we're not going to solve this problem. When you have bipartisan ship then we all walk the plank together and well take responsibility. It is not just Republican or Democrat.

MS. REYNOLDS: I just have one thing to add which is I think you're absolutely right to hit on the importance of thinking about the political incentives of the individual members who you would need to get on board to build the coalition here. I think the question is even in something that we might consider a crisis are those political incentives there for all of the members that we would need them to be and I just don't know if that is true.

MR. BUTLER: I wondered how long it would take us to get to baseline issues. We got through 93 minutes. I think that is a pretty good record. There is a question over here.

MALE SPEAKER: Yeah I'm sorry this is the second time I'm asking a question but I've asked this question numerous times before and I've never really gotten a satisfactory answer. Does the Washington establishment really understand not how only angry and frustrated the people are but many have been mortally ruined financially and it is going to take them generations if at all to recoup what they've lost in the last

great recession? Is there any wonder why we have Donald Trump and to some degree Bernie Sanders? I just want a thermometer or barometer of does the Washington establishment understand this or are we always going to talk about policy and all these 30,000 feet issues. Thank you.

MS. RIVLIN: There is a lot of anger out there and the Washington establishment, I think the national establishment bears a lot of the blame in my opinion first and foremost for allowing the financial crisis of 2008 to happen. That was unnecessary. The record since then has been of recovery but not repairing the basic damage. That said, the question of how government responds once you have a set of elected leaders and I think it is going to be divided government and it is going to be coming into a very polarized and angry situation but it has got to focus on policy and that's what we're talking about.

MR. HOAGLAND: I'll just say number one there is a lot of anger I know firsthand coming from the Midwest. If some of you haven't read this little book called Hillbillyeligy read it because I think it communicates pretty quickly that there is some real anger out there. And I told somebody this earlier this morning. I've spent when you come to Washington from the Midwest you say this is not home, I'm always going back to the farm and I've been here for more than 40 years now so I guess I can call this home. But my problem is that I came here with the idea that policy mattered and would help make things better for people and so while we obviously have screwed up policy I wonder at least for a large chunk of people out there today I wonder if my time here has been in vain for 40 years. What have we brought except conferences and talk about these things so there is a real, I get your message if nothing else and I don't know but I still have faith in this system that it can correct itself and policy matters for those people out there.

MR. BUTLER: I wonder Bill just bearing in mind what the question said this is something which is not unique to one side of the political spectrum. You mentioned both Trump and Bernie Sanders. It is a bipartisan kind of feeling, deep feeling

and anger around the country that Washington isn't functioning and do you think that I mean you mentioned the idea of a joint committee and is the time right and are you seeing the kind of agreement across the aisle that we in the sense of we in the Washington community that at least have not myself but at least have control of the government in some way. Have a mutual interest no matter what their view of what policy should be enacted or even the size of government. They have a mutual interest in beginning to take some steps. Albeit maybe incrementally, invisibly, probably with an idea added with an idea that you've raised often which is that you ought to have a pay requirement, a pay reduction on members of Congress if they don't reach agreements and they don't keep the timelines which I think would be very popular around the country and is. Is the time right for this kind of bipartisan approach?

MR. HOAGLAND: By the way I'm not being paid by Congress so whenever I made that proposal it usually gets shot down anyway particularly by members of Congress so I don't there is any hints there. I think this election is heightened the issue and the American public and I think the message will come through. Whether that will lead to something that will start to address these concerns who knows. But I do think we're at a tipping point here and I think elected officials are taking notice, let's put it that way.

MR. BUTLER: Another question.

MR. MEYERS: Can I just say one thing? Two things. First, Bill, I think you should look in the mirror and say I've done good over your career. There are a number of reasons why people are angry. I think some of them are justified based on their economic status and others are really representations of the worst parts of our history and it is being reflected by some of the stances taken by the Republican presidential candidate. But to get to the political science research there is a fair a lot of evidence that Americans dislike government because they dislike observing conflict and some of that they don't like watching debates. They don't like seeing disagreements and

clashing values and to some extent that is unfortunate but the negative reaction is magnified when the Washington establishment as you put it doesn't see a need to try and move away from responding to the immediate political incentives they face to try and build confidence as Stuart made the analogy. What we need in the budget process is a joint effort across the party divide to try and reestablish some basic norms as Alice said of compromise, of paying attention to the information that Phil says is out there which is relatively high quality particularly on the cost side of the budget maybe a little less on the benefits side. So I think there is actually a lot of relevance of this topic to the general problem that you described. We need to think about a way in which we can use the budget process and other processes that Congress uses to set out policy differences and then try and resolve them in a much more intelligent and patriotic way.

MS. REYNOLDS: I just have one thing to build on Roy's point which is that first to sort of say I think there is some pretty good evidence that this election is about more than just voter anger it destroys much more complicated than that. But to also to say that when members of Congress come to Washington and sort of fight out the fights that they have about policy to the extent that they do that. They are not operating in a vacuum. They are responding to the incentives that the voters who sent them to Washington sent them here to do and so if they're behaving the way they are we have to ask why are they doing that and what are the incentives that they're responding too.

MR. HOAGLAND: Can I just add one last comment on my part because this bothers me a lot and that is the establishment and I would imagine that most of the people in this room are the establishment inside the beltway, all that is not saying, we're not saying that our democratic election process is rigged. Somebody outside the establishment is saying that and that is undercutting our ability to govern.

MR. BUTLER: Another question.

MR. CRIPPON: Dan Crippon as I'm described a government has been. One of my former roles was the executive director of the CBL. A couple of quick

observations for whatever they're worth. One, first I agree with much of what has been said and recommended for changes in the budget process. It is not working now and we ought to try something to make it work better. But for much of its history the budget process has proven to be more of a speed bump than a road block. It reminds people of what they are doing and tries to inform them of that but certainly doesn't prevent some of the things that we've seen in the past. The major entitlement additions, major tax cuts those kinds of things. First observation if you will is that as Bill knows better than I the core of the Budget Act is really a suspension change or waiver of Senate rules. We've talked a lot today about house but it is really the Senate rules or the changes that form the core of the Budget Act because it restricts filibuster, it requires germaneness now with the Berg rule there are lots of other restrictions. So in effect it is the Senate that you're talking about changing much of the House has convenience of course of a rules committee in which they can weigh any of the rules that are required by the Budget Act or other things.

The second observation is that while congressional reform is a great thing for lots of reasons we've tried it as Bill said several times in the past and made a little progress. The Senate had a committee early on, Senate only committee early on in the eighties and it made some changes about how things are done, how defense budgets are considered, those kinds of things. But in the main the House and the Senate both have single committees that are responsible for much of the programs we've been talking about. The Senate finance committee has complete jurisdiction over taxes, social security, Medicare and Medicaid. So the various things we've talking about needing in terms of policy concepts are in a single committee. I don't know how reorganization will change that but it doesn't take reorganization in a sense to get the committee process. As many of you know the House (inaudible) committee has social security taxes and Medicare. So there are two of the things we've talked about in single committees. So I think what I'm suggesting is the budget process reforms are very good, we need to do

them, better information, if we could better people but they won't be ultimately productive or producing better outcomes and that we could do some things now by looking at single committees and how to perhaps get them to do activity.

MR. BUTLER: Any reaction?

MS. REYNOLDS: The only thing I would say is that your characterization of the Budget Act is being a lot about sort of reallocating power in the Senate I think is completely consistent with where I started my comments which is saying that when we think about any of these changes the question we need to ask is who has power now and who would get or lose power under the changes.

MR. BUTLER: We have a question back there.

MR. POSNER: Hi Paul Posner. George Mason University and collaborator and coconspirator with some of these people and I totally endorse the Budget Act the reformed impulse but I also think Molly has a point that somehow we have to have a finer sense of the political feasibility. So in a sense when you look at the politics of budgeting in this country in the past 50 years it has been an ad hoc coalition. It has required some forms of bipartisan cross partisan collaboration not with all the parties and we see that in other countries Netherlands and the like that coalitions form and in Europe they are very strongly bound a parliamentary system by incentives. If the coalition fails, the government goes out of business as a vote of no confidence and you have to start over. That is a huge penalty. In our system there doesn't seem to be a penalty. The failure to abide by an ad hoc coalition of the budget seems to have no cost in fact it has benefits potentially because factions can exploit that and campaign against the coalition and against the reigning economic ideas of the day and possibly strengthen themselves in the poles. I think somehow we have to understand when we think about this election not just the implications for the Congress but the implication for our party system. What kind of Republican party in particular is going to emerge? Is the politics of coalition building still going to be perceived as politically advantageous to enough House

and Senate members to recognize and be able to live with some of the compromise or is there still going to be a (inaudible)? We've seen in the past six years of holding out and not valuing government action but rather valuing the gains you get for being a hold out and living to have a better political result ultimately to change the mathematics of that coalition. So I do think we have to recognize sadly to some of us that we're really kind of a victim of not economists but political horses that we don't really understand that well and I think what is going to happen inside the Republican party after November 8th is going to be critical to whether any of these governance reforms are going to happen.

MR. BUTLER: Any thoughts on that?

MS. REYNOLDS: I'll just say this Paul which is that historically when we've seen sort of interparty divisions emerge particularly in the House one response to that has been to decentralize power away from the Speaker and so one thing to sort of look forward to is to see if that is a response or if the kind of system that we're in now makes that response no longer an effective way to manage divisions within the House majority party. Because at the end of the day our congressional institutions have evolved and are designed for a two party system and not for a party system that doesn't deal well with division within its ranks.

MR. BUTLER: Any other questions.

MALE SPEAKER 2: I don't mean to throw a rock in the punch bowl but we've talked a little bit about the appropriations process and portfolio budgeting would have a tremendous impact upon the Appropriations Committee and its jurisdiction. Where do the appropriators fit into this mix of budget process reforms? In the past there has been at best a reluctance on their part to embrace by any old budgeting and for the last few years they have been the budget process. What are your thoughts on that?

MR. BUTLER: Bill do you want to start?

MR. HOAGLAND: I agree with you. I've had clashes with my appropriation colleagues over the years and whenever I talk about biannual budgeting

clashes get even worse and quite frankly they'll tell me that Bill we're the only ones that are actually governing. We're doing the oversight, we're doing the appropriations and to some extent that's absolutely correct but that is not the way the process is supposed to work. That is why we have authorizing committees. It will never happen. We're not going to collapse the authorizing and the appropriation committees together that's not going to happen. But we can't strengthen the authorization process to give more oversight on the appropriation process. I don't know what the latest figures were, \$350 billion worth of expenditures or appropriated that are not authorized, that doesn't make any sense to me at all. So I do think that your idea Steve and Paul's idea about some portfolio budgeting could strengthen the authorizing budgeting process and impact the appropriation budget. I have no qualms with moving forward with some form of changing that structure. The last comment I'll make is that I also do think you do need to strengthen the budget committee's structure too and if that brings putting back the chairman, by the way when Budget Act was set up some of those original members were chairman of the finance, chairman of appropriations, chairman of the Defense Committee and we've lost that. You need to get back to that structure to give the budget committees more of a leadership type role.

MR. MEYERS: Okay I want to challenge your assertion that the appropriations are the budget process of the last couple of years. Yes, there is an agreement 2015 adjusting the caps, look at the status of appropriation bills page. Where are the 302(b)'s in one House. Why is it so difficult to get the motion to proceed to move an appropriations bill in the other House? I mean basically the appropriations process is fundamentally broken and in addition it doesn't cover the massive amount of spending on the mandatory side or tax preferences. The appropriators do play important roles now and any revised process will need to have careful, smart both on substance and politics clerks who oversee the agencies. But that can be done through a combined authorizations and appropriations process as well. The way we have it set up now is

rather absurd in a number of respects. Just look at the highway bill, surface transportation. We can't get an agreement on raising taxes because of the pledge. We have VA in one category (inaudible) in another it is non sensical. Anyone who pays attention to some of the -- we can do the same thing with Pell Grants. Some people here from CBL who spend endless years dealing with our cane scoring issues to follow the rules that make little sense. So if we're really going to pay attention to the fine details of the budget process you learn more and more that the need for more comprehensive reform acknowledging that yes, it is difficult to do but let's at least try and make some baby steps in the direction of pretending that the appropriations process is the only thing that matters.

MR. BUTLER: Well we seemed to have resolved this issue slightly ahead of schedule and below budget. So I think it is a real example to the country that Washington can function in dealing with these issues. So I want to thank the panel very much. Let me also thank Dan Blair and the National Academy of Public Administration and enjoy the election. Thank you very much.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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