

Federal Budget: In Dire Need of Reform



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About CAGW

Citizens Against Government Waste (CAGW) is a private, nonprofit, nonpartisan organization dedicated to educating the American public about waste, mismanagement, and inefficiency in government.

CAGW was founded in 1984 by J. Peter Grace and nationally syndicated columnist Jack Anderson to build public support for implementation of the Grace Commission recommendations and other waste-cutting proposals. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy, and accountability in government.

CAGW has more than 1 million members and supporters nationwide. Since 1984, CAGW and its members have helped save taxpayers more than \$2.4 trillion. CAGW publishes special reports, including the *Congressional Pig Book* and *Prime Cuts*, as well as its official newsletter *Government WasteWatch* and blog *The WasteWatcher*, to expose government waste and educate the American people on what they can do to stop the abuse of their hard-earned money. Internet, print, radio, and television news outlets regularly feature CAGW's publications and experts.



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Introduction

One of the most apt descriptions of the federal budget process came from then-House Minority Whip Trent Lott (R-Miss.). In 1985, he said, “the budget process has been attacked from both within and without as a repugnant, redundant, irrelevant, meaningless, misleading, phony, funny-money, number-cooking, smoke-and-mirror system. To an extent it is all those things at different times. But it also provides a framework for congressional decision making that is real and meaningful.” His comments came 11 years after the enactment in 1974 of the Congressional Budget and Impoundment Control Act, which created the current budget process and the House and Senate Budget Committees. It remains true now, as the congressional budget process has been an abject failure and is long overdue for reform.

Members of Congress should switch to a biennial budget, pass a budget before receiving or considering the President’s budget, strengthen budget enforcement, eliminate gimmicks, increase transparency, and revise the scoring system.

Other reforms that have been introduced with bipartisan support include the Preventing Government Shutdowns Act, which requires that all members of Congress stay in Washington, D.C. if work on the appropriations bills is not done on time and would help prevent a government-wide shutdown that harms federal workers and programs.¹ The No Budget, No Pay Act would withhold pay for members of Congress until both the House and Senate both pass a budget resolution and complete work on the appropriations bills.²

Federal budget process reform is not a new concept. Getting it done requires the consent of enough members of Congress who agree the taxpayers’ money should be spent in a manner that will provide greater accountability and efficiency.

Pass the Budget and Appropriations Bills on Time

Under the current dysfunctional budget process, Congress routinely fails to pass a budget or all 12 appropriations bills on time. The result has often been threats of a government shutdown and a rush to pass continuing resolutions (CRs), which keep the government funded at the prior year’s levels but do not allow for any changes to programs. Another routine method of avoiding a government shutdown is passing omnibus appropriations bills, which package several appropriations bills into one large piece of legislation. Both practices are symptomatic of Congress failing to pass the appropriations bills on time and in regular order and have negative side effects for the federal government and taxpayers.

¹ Preventing Government Shutdowns Act, H.R. 5696, 118th Congress (2023), <https://www.congress.gov/bill/118th-congress/house-bill/5696>.

² No Budget, No Pay Act, S. 219, 118th Congress (2023), <https://www.congress.gov/bill/118th-congress/senate-bill/219>.

Passing one or more CRs is not a new phenomenon on Capitol Hill. Congress failed to enact the requisite appropriations bills on time for 28 consecutive years and passed the appropriations bills on time only four times since the Budget and Impoundment Control Act was signed into law in 1974.³ This bad habit can be attributed to both parties. CRs have been enacted under split government and when one party controlled the House, Senate, and White House.

In addition to being a glaring example of congressional dysfunction, CRs have negative consequences for executive branch agencies. Funding uncertainty and operating under a CR limits several agencies' ability to plan and implement new programs. This pain is especially felt at the Department of Defense (DOD). Short-term spending bills neutralize the government's buying power because uncertain payments force the DOD to purchase fewer items at a time rather than paying in advance for bulk orders at a discounted price.⁴

In a November 30, 2023, letter to then-Senate Appropriations Committee Chair Patty Murray (D-Wash.), Air Force Secretary Frank Kendall stated that the buying power of just the Air Force would be reduced by as much as \$13 billion if a full-year CR were enacted. CRs and funding uncertainty also harm competition among defense contractors. These companies who previously negotiated a contract with the DOD may face a stop-work order and be forced to lay off workers, who they would later have to hire again once funding is approved by Congress.⁵

Another method that Congress employs to avert a government shutdown is enacting omnibus appropriations bills. These bills combine several, if not all 12, appropriations bills into one piece of legislation. Such bills present several problems with transparency. They are typically thousands of pages long and often not released until shortly before members of Congress begin debating and voting on the bill, which makes it nearly impossible for them, their staff, and the public to read the entire bill or fully understand exactly how they spend taxpayer dollars.

Another issue with omnibus appropriations bills is the inclusion of earmarks. Including earmarks in any spending bill creates the potential for abuse, but their presence in omnibus bills makes it harder to members of Congress to vet the projects that are receiving earmarks or offer amendments to eliminate them.⁶ Although earmark requests are meant to include the name of the member of Congress who requested them, according to Citizens Against Government Waste's (CAGW) *2024 Congressional Pig Book*, one-third of the \$22.7 billion cost of the 8,222 cost the earmarks in fiscal year (FY) 2024, all of which were added in omnibus bills, were without any attribution.⁷

³ Sean Kennedy, "Congressional Inaction Raises Costs and Damages National Defense," *The Hill*, February 20, 2024, <https://thehill.com/opinion/congress-blog/4479653-congressional-inaction-raises-costs-and-damages-national-defense/#:~:text=This%20abdication%20by%20members%20of,other%20equipment%20needed%20to%20give.>

⁴ Ibid.

⁵ Ibid.

⁶ Sean Kennedy, "All About Earmarks: A Brief History," Citizens Against Government Waste (CAGW), September 2022, <https://www.cagw.org/sites/default/files/pdf/All%20About%20Earmarks%20-%202022%20-%20Final.pdf>.

⁷ Ibid.

Rather than completing the appropriations process on time and through regular order, Congress routinely runs up to the edge of a government shutdown before passing a CR to provide temporary funding. While CRs keep the government funded and open, they lock spending levels into place for the length of time covered by the stopgap measure and make it difficult for federal agencies to plan or implement their programs. The current budget process is perpetually delayed and lacks transparency. The need to pass a budget resolution and appropriations bills on time or revise the process to make it easier to do so is clear.

Biennial Budgeting

Switching the federal budget process from an annual budget to a biennial budget would allow Congress to pass the 12 appropriations bills in the first year and spend the second year conducting oversight of the expenditures. Congress would then be better equipped to identify and eliminate programs that are wasteful or inefficient. This plan would also give members of Congress more time in the second year of the budget cycle to debate and vote on other important legislation, which is often overlooked due to how long it takes Congress to finish the appropriations process.

Biennial budgeting is not a new idea and has received bipartisan support from Presidents and members of Congress. This method of budgeting was first discussed in the 95th Congress, during which both House and Senate committees held hearings.⁸

On January 9, 2019, Sen. Sheldon Whitehouse (D-R.I.) and then-Sen. Roy Blunt (R-Mo.) introduced the Bipartisan Budget and Appropriations Reform Act of 2019 which would have instituted biennial budgeting. In his statement released on January 9, 2019, as part of the bill's introduction, Sen. Blunt said "if there's one thing nearly all Members of Congress can agree on, it's that our budget process is broken. This bill would take several steps to reform the process. With biennial budgeting, it would increase oversight and help federal agencies plan for the future, just as every American family and business must do. Most importantly, it would encourage both parties to work together to rein in rising debts and deficits, which will weigh down our economy over the long term."⁹

Biennial budgeting legislation was also introduced in the 118th Congress by Sens. Jeanne Shaheen (D-N.H.) and Mike Braun (R-Ind.) on February 11, 2023. In a press release on February 2, 2023, relating to the introduction of their Biennial Budgeting and Appropriations Act, Sen. Shaheen said, "With the continuous threat of a government shutdown, it's time we change the process. Biennial budgeting would enable Congress to have a more bipartisan and effective budget process and would increase transparency for taxpayers."¹⁰ The legislation had 11 co-sponsors in the Senate, including seven Republicans, four Democrats, and one Independent senator.

⁸ Congressional Research Service, "Biennial Budgeting: Issues, Options, and Congressional Actions," January 10, 2017, <https://crsreports.congress.gov/product/pdf/R/R44732>.

⁹ Sen. Sheldon Whitehouse, "Whitehouse, Blunt Introduce Bipartisan Budget Reform Bill," January 9, 2019, <https://www.whitehouse.senate.gov/news/release/whitehouse-blunt-introduce-bipartisan-budget-reform-bill/>.

¹⁰ Sen. Jeanne Shaheen, "Shaheen and Braun Reintroduce Bipartisan Legislation to Reform the Broken Budget Process," February 2, 2023, <https://www.shaheen.senate.gov/shaheen-and-braun-reintroduce-bipartisan-legislation-to-reform-the-broken-budget-process>.

Biennial budgeting has received floor votes in Congress. On March 22, 2013, Sens. Shaheen and Johnny Isakson (R-Ga.) offered an amendment to the 2013 budget resolution, S. Con. Res. 8, which would establish a biennial budget and appropriations process. This amendment was adopted by a 68-31 vote. In a March 22, 2013, press release following the adoption of the amendment, Sen. Isakson said, “We budget every year, we spend money every year, but we never do oversight or look for cost-benefit savings. The biennial budgeting process, which has been adopted by 20 of the 50 states in this country, is a process that will force lawmakers in Washington to do our jobs and budget, appropriate, and conduct oversight to make sure that we are good stewards of tax dollars.”¹¹ However, the amendment was not adopted by the House or signed into law.

Biennial budgeting has also been supported by the Reagan, George H.W. Bush, Clinton, and George W. Bush administrations.¹²

President George W. Bush’s FY 2001 budget request succinctly summarized the poor budgetary practices that remain commonplace to this day: “This past year was typical. As Congress failed to meet its deadlines and legislation piled up at the end of the fiscal year, Washington made hasty decisions simply to keep the Government running under the imminent threat of a government shutdown. Congress enacted 21 temporary funding laws to keep the government open while President Clinton and Congress negotiated an agreement on a huge omnibus spending bill. That omnibus measure comprised nine separate bills, totaling 2,080 pages, and was finally signed into law on December 21st, nearly three months after the beginning of the fiscal year. The end product exceeded Congress’ budget by \$36 billion and the President’s Budget by \$13 billion for 2001 alone. It contained 6,000 earmarks, or unrequested projects, for a total cost of over \$15 billion.”¹³

Since Congress spends so much time on budgeting, there is insufficient time for oversight of spending programs, which leads to the approval of wasteful spending. A biennial budget cycle would give members of Congress more time to debate and vote on other legislation. Vital legislation often falls by the wayside because Congress runs out of time due to how long the appropriations process takes.

For example, the Farm Bill, a massive and complicated piece of legislation that is important to members and constituencies on both sides of the political spectrum and must be reauthorized every five years. The Farm Bill should have been reauthorized in 2023, but because of the long appropriations process, Congress was unable to focus on the various programs supported in the Farm Bill and instead temporarily reauthorized it for just one year. Without the ability to work on this critical piece of legislation, another temporary extension is likely in early 2025. Other bills, like the Federal Communications Commission’s (FCC) spectrum auction

¹¹ William Christian, “Bi-,Bi-,Biennial Budgeting,” *The WasteWatcher*, CAGW, January 25, 2017, <https://www.cagw.org/thewastewatcher/bi-bi-biennial-budgeting>.

¹² Congressional Research Service, “Biennial Budgeting: Issues, Options, and Congressional Actions,” January 10, 2017, <https://crsreports.congress.gov/product/pdf/R/R44732>.

¹³ The White House, “VIII. Budget Process Reform,” <https://georgewbush-whitehouse.archives.gov/news/usbudget/blueprint/budviii.html>.

authority and consumer data privacy legislation have also failed to reach the floor of the House and Senate.

Biennial budgeting has lengthy, bipartisan support from members of Congress and several Presidents but has yet to be implemented at the federal level. It would improve oversight of federal spending programs which would help Congress better identify and eliminate wasteful spending programs. A biennial budget would also give members of Congress more time to vote on important pieces of legislation that often get overlooked because of how late the appropriations bills are completed. Overall, a biennial budget cycle would lead to a more efficient and less wasteful appropriations process.

Congress Acts First on the Budget

A simple but significant budget reform would have Congress, not the President, act first on the budget. Currently, the presidential submission of the administration's budget request is the first step in the budget process. It is often submitted late, especially in the first year of a new administration, and Congress routinely ignores the requested funding levels after they are received. The President's budget request is also frequently used as a political or messaging document for the administration's priorities, especially in the year before a midterm or presidential election.

Article 1 of the Constitution lays out the powers that are vested in Congress, including section 9 which says, "No money shall be drawn from the Treasury, but in consequence of appropriations made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time."¹⁴ Having Congress act first is consistent with this constitutional power of the purse and would give members more time to pass a budget resolution and the appropriations bills within the allotted time.

This reform was previously championed by former House Budget Committee Chairman Tom Price (R-Ga.) in the proposals he set forth shortly before leaving Congress. Speaking at a November 30, 2016, event on budget reform hosted by the Brookings Institution, Chairman Price said, "First and foremost, when it comes to the budget of the United States, Congress should go first with its proposal. Under the budget process reforms that we envision, lawmakers will continue to consider a budget resolution with information gained from a current services account estimate from the executive branch prior to the President submitting his or her request. Timing may seem like a small distinction, but the current scenario where Congress is essentially responding to the President's budget is completely backward, and antithetical to the Constitution's goals and frameworks."¹⁵

Under the Budget Reform and Impoundment Act of 1974, the deadline for the President to submit his budget request to Congress is the first Monday in February.¹⁶ However, the

¹⁴ National Constitution Center, "The United States Constitution," <https://constitutioncenter.org/the-constitution/full-text>.

¹⁵ The Brookings Institution, "A reform agenda for the federal budget process," November 30, 2016, <https://www.brookings.edu/events/a-reform-agenda-for-the-federal-budget-process/>.

¹⁶ Congressional Research Service, "The Congressional Budget Process Timeline," July 27, 2023, <https://crsreports.congress.gov/product/pdf/R/R47235#:~:text=Submission%20of%20the%20President's%20Budget%20to%20Congress,-The%20Budget%20and&text=4%20Under%20current%20law%2C%20the.may%20occur%20after%20this%20date.>

President routinely submits his budget request after this deadline. For example, President Joe Biden did not submit a budget request on time a single time during his term and most of his requests were submitted in March. While the President is dragging his feet, members of Congress are forced to wait before acting on the federal budget which exacerbates the time crunch to finish the appropriations bills before the end of the fiscal year.

The President's budget request serves little practical purpose in the current budget process. Members of Congress rarely, if ever, pass appropriations bills that match the President's requested amounts. Giving Congress the power to act first on the budget process would be more in line with the Constitution and Congress' power of the purse and would make it more likely that the budget process is completed on time.

Regulatory Budget

Lawmakers should act upon the recommendations that were made by former House Budget Committee Chairman Tom Price (R-Ga.) in 2016. Chairman Price championed several measures that would lead to a more efficient federal budget process. Two of his proposals, biennial budgeting and Congress initiating the budget process, have already been discussed. In addition to these reforms, Chairman Price proposed implementing a regulatory budget, instituting uniform budget rules, and addressing unauthorized programs. These proposals would make the budget process more efficient and save taxpayer money, which is why these proposals should be considered by lawmakers today.

Regulations are a massive, hidden tax on businesses and individuals. According to the Competitive Enterprise Institute's (CEI) June 2024 Ten Thousand Commandments report, the total compliance costs and economic effects of regulations in 2024 are \$2.1 trillion.¹⁷ This total is a record high and costs U.S. households \$15,778 annually. The cost of regulations is also nearly four times larger than the amount collected from corporate income taxes.¹⁸ While the CEI and other organizations have estimates of the total cost of federal regulations, the government does not currently track how much each individual regulation would cost. Chairman Price proposed requiring the President's budget request to include short and long-term costs of current and proposed regulations.¹⁹ In addition, under this proposal, the Office of Management and Budget (OMB) would be required to submit a baseline of regulatory compliance costs on individuals and businesses.²⁰

Unauthorized Programs

Another problem with the congressional budget process is the continued funding of programs that are either no longer authorized or about to lose their authorization. Once a program's authorization sunsets, Congress must evaluate the program's success and determine whether it should be reauthorized and funded, and if it is no longer authorized then the program

¹⁷ Clyde Wayne Crews, "Ten Thousand Commandments 2024," Competitive Enterprise institute, July 30, 2024, <https://cei.org/studies/ten-thousand-commandments-2024/>.

¹⁸ Ibid.

¹⁹ Rachel Cole, "How to Make the Budget Great Again," *The WasteWatcher*, CAGW, January 25, 2017, <https://www.cagw.org/thewastewatcher/how-make-budget-great-again>.

²⁰ Ibid.

should not be funded and come to an end. According to a July 2024 Congressional Budget Office report, there were 1,264 authorizations of appropriations that expired before FY 2024 and 251 authorizations that were set to expire by the end of FY 2024.²¹ In FY 2024, \$516 billion was appropriated for programs with expired authorizations.²² To address this issue, Chairman Price proposed reducing the statutory spending limits for unauthorized programs that exceed a certain spending level.

The Unauthorized Spending Accountability (USA) Act, introduced by Rep. Cathy McMorris Rodgers (R-Wash.) in the 117th Congress, would subject unauthorized programs to a rolling three-year review and sunset. Failure to reauthorize an agency or program would result in spending reductions of 10 percent in the first year, and 15 percent in each of the following two years, after which they would be completely sunset. The threat of elimination would be sufficient for authorizing committees to do their job by reviewing and reauthorizing programs deemed effective or essential while providing the opportunity to consolidate or terminate those that are wasteful.²³

In a May 18, 2016, op-ed outlining the details of the USA Act when she first introduced the legislation in the 116th Congress, Rep. McMorris Rodgers wrote, “The USA Act lays out fiscally sound, but feasible, schedules for the federal bureaucracy to defend their need for taxpayer dollars. The legislation provides flexibility for authorizers to get their work done while maintaining spending discipline. And due to Congress making their effort to review programs, it will ensure that necessary programs are reauthorized, or in some cases even improved.”²⁴

Unauthorized programs are a clear example of Congress dropping the ball on oversight, due in large part to the hyper focus on enacting spending bills to keep the government running every year. Increasing scrutiny of these and other federal programs will give voters and taxpayers a greater say over how their money is being spent and could lead to the elimination of billions of dollars in wasteful government spending.

No Budget, No Pay

Another reform that would provide tangible incentives for members of Congress is the No Budget, No Pay Act. This legislation prohibits legislators from receiving their salary if they fail to approve budget resolutions and appropriations bills on time. This legislation has bipartisan support. In the 118th Congress, then-Senator Mike Braun (R-Ind.) introduced S. 219, the No Budget, No Pay Act in the Senate with 12 co-sponsors.²⁵ In the House of Representatives, then-Rep. Wiley Nickel (D-N.C.) introduced H.R. 5653, the No Budget, No Pay Act in the 118th Congress with 14 co-sponsors.²⁶

²¹ Congressional Budget Office, “Expired and Expiring Authorizations of Appropriations for Fiscal Year 2024,” July 2024, <https://www.cbo.gov/publication/60580>.

²² Ibid.

²³ Deborah Collier, “USA Act Targets Zombie Federal Programs,” CAGW, April 14, 2021, <https://www.cagw.org/thewastewatcher/usa-act-targets-zombie-federal-programs>.

²⁴ Rep. Cathy McMorris Rodgers, “Beware the zombie programs,” CNN, May 18, 2016, <https://www.cnn.com/2016/05/18/opinions/zombie-government-programs-rodgers/>.

²⁵ No Budget, No Pay Act, S. 219, 118th Congress (2023), <https://www.congress.gov/bill/118th-congress/senate-bill/219>.

²⁶ No Budget, No Pay Act, H.R. 5653, 118th Congress (2023), <https://www.congress.gov/bill/118th-congress/house-bill/5653?q=%7B%22search%22%3A%22no+budget%2C+no+pay%22%7D&s=1&r=5>.

Congress has continually failed to complete the core function of their job: timely passage of the 12 appropriations that fund the federal government. The No Budget, No Pay Act would serve as both the proverbial carrot and stick for members of Congress to complete the appropriations process on time.

Preventing Government Shutdowns Act

The threat of government shutdowns at the end of each fiscal year imposes strain on federal agencies, and on those who rely on the services they provide. The Prevent Government Shutdowns Act would require members of Congress stay in Washington and continue working on resolving appropriations issues should they fail to pass the appropriations bills by October 1 of each year. It would also ensure that the federal government remains open during this timeframe by automatically implementing 14-day rolling CRs.²⁷ The bill would prevent any other legislation or nomination from being considered by the House or Senate for the first 30 days in which government funding is not in place and prohibits taxpayer or campaign funding being used for travel by members of Congress, their staff, and OMB staff and leadership.²⁸

This legislation was first introduced by Sen. James Lankford (R-Okla.) in February 2019 and re-introduced in January 2023 as S. 135 with 21 co-sponsors.²⁹ The House companion bill, H.R. 5696, was introduced by Rep. Jodey Arrington (R-Texas) with eight co-sponsors.³⁰

On October 25, 2023, Sen. Lankford offered his bill as an amendment to a three-bill minibus of fiscal year appropriations bills. It failed by a vote of 56-42, since 60 votes were required for passage.³¹ Speaking after the floor vote, Sen. Lankford said, “If we don’t finish our classwork, we have to stay after class, that’s all it is. In the meantime, the government continues to run at the previous year’s levels. That way federal workers are held harmless, the American people are held harmless, the pressure is on the people that it should be on.”³²

Members of Congress should continue their efforts to pass the Prevent Government Shutdowns Act. Government shutdowns are disruptive to federal workers, harm federal agency planning, especially the DOD, and create uncertainty for those who depend on services and benefits from the federal government. This bill removes the threat of a government shutdown and ensures that members of Congress stay in the nation’s capital to complete one of their most basic job duties. It is a commonsense reform that has received bipartisan support each time it has been introduced, and its passage should be a priority for the 119th Congress.

²⁷ Sen. James Lankford, “Lankford, Hassan, Colleagues Want to Stop Government Shutdowns, Force Congress to Do its Job,” January 30, 2023, <https://www.lankford.senate.gov/news/press-releases/lankford-hassan-colleagues-want-to-stop-government-shutdowns-force-congress-to-do-its-job/>.

²⁸ Ibid.

²⁹ Prevent Government Shutdowns Act of 2023, S. 135, 118th Congress (2023), <https://www.congress.gov/bill/118th-congress/senate-bill/135>.

³⁰ Prevent Government Shutdowns Act, H.R. 5696, 118th Congress (2023), <https://www.congress.gov/bill/118th-congress/house-bill/5696>.

³¹ S. Amdt. 1232 to S. Amdt. 1092, 118th Congress (2023), <https://www.congress.gov/amendment/118th-congress/senate-amendment/1232?s=a&r=25>.

³² Eric Katz. “Senate rejects measure to end shutdowns for good, but makes progress on spending bills,” *Government Executive*, October 27, 2023, <https://www.govexec.com/management/2023/10/senate-rejects-measure-end-shutdowns-good-makes-progress-spending-bills/391586/>.

Conclusion

The federal budget process is broken and in dire need of reform. Congress rarely completes the federal budget and appropriations process on time, which leads to members of Congress passing a CR or a large omnibus spending bill that most members do not have a chance to fully read and understand before voting. There are several options that would reform the budget process and enable more efficient use of the taxpayers' dollars.

Switching from an annual budget to a biennial budget; having Congress act first on the budget, rather than the President; requiring a regulatory budget; cracking down on unauthorized programs; and enacting the No Budget, No Pay Act and Prevent Government Shutdowns Act would provide many of the reforms that are essential for Congress to complete the budget and appropriations process on time.

Representatives, senators, and presidents from both sides of the aisle agree that the federal budget process is broken and an ineffective way to spend taxpayer dollars. One or all the reforms outlined in this report would improve the process and should be adopted by Congress.