113TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPT.
113–129

H.R. 1871, BASELINE REFORM ACT OF 2013

REPORT

OF THE

COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES

TO ACCOMPANY

H.R. 1871

together with

MINORITY VIEWS

JUNE 25, 2013.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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113TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
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BASELINE REFORM ACT OF 2013

JUNE 25, 2013.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. RYAN of Wisconsin, from the Committee on the Budget, submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 1871]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Budget, to whom was referred the bill (H.R. 1871) to amend the Balanced Budget and Emergency Deficit Control Act of 1985 to reform the budget baseline, having considered the same, report favorably thereon with an amendment and recommend that the bill do pass.

The amendment is as follows:

On page 5, line 17, strike "OMB" and insert "CBO".

INTRODUCTION

Representative Rob Woodall (R–GA–7) introduced H.R. 1871, the 'Baseline Reform Act of 2013,' on May 8, 2013. This bill reforms the 'baseline,' to ensure it provides a neutral starting point in assessing the budgetary impact of spending governed by the appropriations process.

SUMMARY OF PROPOSED CHANGES

The Baseline

The Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99–177) requires the Congressional Budget Office [CBO] and the Office of Management and Budget [OMB] to prepare projections of Federal spending and revenues. This bill requires that such projections cover a ten-year period, which is the budget window that has become standard in recent years, and specifies the assumptions the two agencies must use in making these projections.

'Discretionary spending' refers to spending that is dependent on enactment by the Congress of appropriation laws providing authority to agencies to spend money. Current law requires CBO and OMB to assume that such spending will continue over the course of the budget window and increase by inflation. These requirements added approximately $1.2 trillion in budget authority (over ten years) to the discretionary baseline in 2013.

In addition, there are special exceptions that require CBO and OMB to assume additional increases in the baseline for expiring housing contracts, social insurance administrative expenses, and annualization of Federal employee pay.

This assumption of additional spending in the baseline evidences a bias toward additional spending. It also creates the anomalous situation where a program's funding could be increased in comparison to the previous year but still be called a cut because the funding level is below the inflationary increase assumed in the discretionary baseline.

The bill removes the inflationary assumption and the special exceptions from the discretionary baseline, requiring that the baseline assume neither an increase nor a decrease for these programs. The baseline provides information to the Congress and does not govern what is contained in the budget resolution or the appropriations bills that provide legal spending authority. As a result, changing the baseline does not change funding for these programs, but it does remove an upward bias in spending by comparing spending to previous year's levels and not an inflated baseline.

The rules for producing the direct spending and revenue baselines are left unchanged as are the rules for assets sales and the use of up-to-date concepts.

Long-Term Budget Outlook

In 1996, CBO concluded that the 10-year time frame they used for preparing budget projections was not sufficient to 'show the dramatic effects on the Federal budget of the projected long-term demographic changes in the U.S. population.'[1]

Beginning as a special chapter in the May 1996 edition of its annual Economic and Budget Outlook, the CBO has since annually prepared a standalone report on the long-term budget outlook. The analysis and projections included in this report have become an integral part of the Budget Committees' work.

Section 2 of the bill codifies CBO's current practice of providing this report no later than July 1 of each year. The Committee, however, urges the CBO to publish this report as early as possible each year so that its analysis can inform the Members of the Committee as they prepare the annual budget resolution.

LEGISLATIVE HISTORY

Legislation in the 103d Congress

In 1993, Representative Jim Ramstad (R–MN–3) introduced H.R. 323, the Common Sense Budget Act of 1993. It would have re-

[1] Congressional Budget Office, Long-Term Budgetary Pressures and Policy Options, March 1997 *http://www.cbo.gov/doc.cfm?index=10&type=0]*

quired the President's budget submission to include comparisons of proposed expenditures and appropriations for the budget year with the prior fiscal year.

In 1994, the House of Representatives considered H.R. 4907, Baseline Reform Act of 1994, offered by Representative John Spratt (D–SC–5). Representative Spratt's bill would have added a 'current funding baseline' to accompany the existing—and what the bill called 'current policy'—baseline. The current funding baseline assumed an adjustment for expiring housing contracts but no adjustments for inflation. The House of Representatives, however, passed an amendment in the nature of a substitute, previously introduced as H.R. 4914 and as part of H.R. 4434, which would have repealed the automatic adjustment in the caps for changes in inflation.

Rules Amendments Made in the 104th Congress

In the 104th Congress, the House Rules were amended by the organizing resolution (H. Res. 6) by inserting a requirement that a cost estimate of a bill include a comparison of funding levels to the previous year's level: Clause 3(c)(2) of rule XIII of the House of Representatives for the 112th Congress requires of the contents of a report on a bill: '* * * an estimate of new budget authority shall include, when practicable, a comparison of the total estimated funding level for the relevant programs to the appropriate levels under current law.'

In the 104th Congress, the Rules of the Committee on the Budget were amended to require that the report of the Committee to accompany a concurrent resolution on the budget include a comparison of the estimated or actual levels for the year preceding the budget year with the proposed spending and revenue levels for the budget year (Rule 25 of the Rules of the Committee on the Budget for the 112th Congress).

'Comprehensive Budget Process Reform Act of 1999'

On February 25, 1999, H.R. 853, Comprehensive Budget Process Reform Act of 1999 (106th Congress) was introduced in the House of Representatives by Representative Jim Nussle (R–IA–2). Sections 611 and 612 of that Act amended the President's Budget submission requirements and the Congressional Budget Act of 1974 respectively to similarly compare budget year discretionary spending to the prior year's spending level. This is similar to the provisions of this Act, though not identical. This bill failed of passage in the House of Representatives on May 16, 2000.

'Spending Control Act of 2004'

On March 16, 2004, H.R. 3973, the Spending Control Act of 2004 (108th Congress) was introduced in the House of Representatives by Representative Jim Nussle (R–IA–2). Section 5 of the Act removed the requirement that emergency-designated or global war on terrorism-designated spending be continued in the baseline under section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985. This is similar to certain provisions of this Act, though not identical. H.R. 3973 was reported from the Committee on the Budget on March 19, 2004 but was not considered on by the House of Representatives.

'Spending, Deficit, and Debt Control Act of 2009'

On October 29, 2009, H.R. 3964, the 'Spending, Deficit, and Debt Control Act of 2009' was introduced in the House of Representatives by Representative Jeb Hensarling (R–TX–5). The bill eliminates the automatic inflation increases for discretionary programs built into the baseline projections of future spending needs and requires budget estimates to be compared with the prior year's level, not a calculation of the level to which they should be increased.

Legislation in the 112th Congress

On March 3, 2011, H.R. 920, the 'Zero-Baseline Budget Act of 2011' was introduced in the House of Representatives by Representative Louie Gohmert (R–TX–1). It amends the Balanced Budget and Emergency Control Act of 1985 to change the formula the CBO must use to calculate its discretionary baseline. The bill was designed to eliminate any sequential and cumulative automatic increases in the baseline for inflation (or for any other reason) and exclude emergency and supplemental spending. The baseline would be the aggregate of the non-emergency appropriations bill for that year.

On December 7, 2011, Members of the House Budget Committee introduced a comprehensive package of ten legislative budget process reform bills designed to fundamentally reform the budget process. Included in this package was H.R. 3578, the 'Baseline Reform Act of 2011,' introduced by Representative Rob Woodall (R–GA–7). On February 3, 2012, H.R. 3578, the 'Baseline Reform Act of 2011,' passed the House of Representatives by a 235–177 vote.

Legislation in the 113th Congress

On May 8, 2013, Members of the House Budget Committee introduced a comprehensive package of seven legislative budget process reform bills designed to fundamentally reform the budget process. Included in this package was H.R. 1871, the 'Baseline Reform Act of 2013,' introduced by Representative Rob Woodall (R–GA–7).

HEARINGS

In 2011, the House Budget Committee held two budget process reform hearings to examine the budget process.

The first hearing, 'The Broken Budget Process: Perspectives From Former CBO Directors,' was held on September 21, 2011, with former CBO Directors Rudolph Penner and Alice Rivlin testifying.

The second hearing, 'The Broken Budget Process: Perspectives From Budget Experts,' was held on September 22, 2011, with Philip Joyce (University of Maryland), the Honorable Jim Nussle (Chairman of the Committee on the Budget, 2001 through 2007, United States House of Representatives) and the Honorable Phil Gramm (former United States Senator, 1985 through 2002) testifying.

SECTION BY SECTION

SECTION 1. SHORT TITLE.

Establishes the short title of the bill as the 'Baseline Reform Act of 2013.'

SECTION 2. THE BASELINE

This section amends section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 109–59) to remove the increases in the discretionary baseline attributable to inflation, expiring housing contracts, social insurance administrative expenses, and pay annualization. The discretionary spending in the baseline to be calculated uses the following assumptions:

(1) For any estimated appropriations, the budgetary resources other than unobligated balances are to be at the level provided for the budget year in full-year appropriation acts. If a full-year appropriation has not been enacted, budgetary resources, other than unobligated balances, are to be at the level available in the current year.

(2) For any continuing appropriation in effect for less than an entire year, the current-year amount is assumed to equal the amount that would be available if that continuing appropriation lasted the entire fiscal year. If law permits the transfer of budget authority among budget accounts in a current year, the current level is to reflect transfers assumed in the President's original budget.

This section makes a number of technical and typographic corrections, but no other substantive modifications to current law.

This section requires the Director of the Congressional Budget Office to submit, on or before July 1 of each year, the long-term budget outlook for the fiscal year commencing on October 1 of that year and at least the ensuing 40 fiscal years.

VOTES OF THE COMMITTEE

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires each committee report to accompany any bill or resolution of a public character to include the total number of votes cast for and against each roll-call vote, on a motion to report and any amendments offered to the measure or matter, together with the names of those voting for and against.

Listed below are the actions taken in the Committee on the Budget of the House of Representatives on the Baseline Reform Act of 2013.

On June 19, 2013, the committee met in open session, a quorum being present.

Chairman Ryan asked unanimous consent to be authorized, consistent with clause 4 of rule XVI of the Rules of the House of Representatives, to declare a recess at any time during the committee meeting.

There was no objection to the unanimous consent request.

Chairman Ryan asked unanimous consent to dispense with the first reading of the bill and the bill be considered as read and open to amendment at any point.

There was no objection to the unanimous consent request.

Chairman Ryan asked unanimous consent to roll votes.

There was no objection to the unanimous consent request.

The committee adopted and ordered reported the Baseline Reform Act of 2013. The Committee on the Budget took the following votes:

1. A technical amendment offered by Representative Woodall to reflect the House-passed version of the Baseline Reform Act of

2012, codifying the requirement for CBO rather than OMB to submit the Long-Term Outlook before July 1st of each year. The amendment was agreed to by voice vote.

Pursuant to a unanimous consent request made by Chairman Ryan, Representative Garrett requested that the record reflect he would have voted aye on the voice vote.

2. An amendment offered by Mr. Van Hollen to repeal the 2013 and 2014 sequesters and replace it with lower defense spending caps and higher taxes on individuals with annual income greater than $1,000,000. Dr. Price raised a point of order against the amendment as non-germane. The Chairman sustained the point of order. Mr. Cicilline appealed the ruling of the Chairman. Dr. Price then made a motion to table the appeal of the ruling of the Chairman. The tabling of the motion appealing the ruling of the Chairman was agreed to by a roll call vote of 17 ayes and 11 noes.

ROLLCALL VOTE NO. 1

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)	X			VAN HOLLEN (MD) (Ranking)		X	
PRICE (GA)	X			SCHWARTZ (PA)		X	
GARRETT (NJ)				YARMUTH (KY)		X	
CAMPBELL (CA)				PASCRELL (NJ)			
CALVERT (CA)	X			RYAN, TIM (OH)			
COLE (OK)	X			MOORE (WI)		X	
McCLINTOCK (CA)	X			CASTOR (FL)			
LANKFORD (OK)	X			McDERMOTT (WA)		X	
BLACK (TN)	X			LEE (CA)			
RIBBLE (WI)	X			CICILLINE (RI)		X	
FLORES (TX)				JEFFRIES (NY)		X	
ROKITA (IN)	X			POCAN (WI)		X	
WOODALL (GA)	X			LUJAN GRISHAM (NM)		X	
BLACKBURN (TN)	X			HUFFMAN (CA)		X	
NUNNELEE (MS)	X			CÁRDENAS (CA)			
RIGELL (VA)	X			BLUMENAUER (OR)			
HARTZLER (MO)	X			SCHRADER (OR)		X	
WALORSKI (IN)	X						
MESSER (IN)							
RICE (SC)	X						
WILLIAMS (TX)	X						
DUFFY (WI)							

Pursuant to a unanimous consent request made by Chairman Ryan, Representatives Messer, Flores, Garrett, and Duffy requested that the record reflect they would have voted aye on the roll call vote.

3. An amendment offered by Representative Moore expressing a sense of Congress with respect to an annual budget resolution and the appointment of conferees. Dr. Price raised a point of order against the amendment as non-germane. The Chairman sustained the point of order. Mr. Cicilline appealed the ruling of the Chairman. Dr. Price then made a motion to table the appealing of the ruling of the Chairman. The tabling of the motion appealing the ruling of the Chairman was agreed to by a roll call vote of 19 ayes and 11 noes.

ROLLCALL VOTE NO. 2

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)	X			VAN HOLLEN (MD) (Ranking)		X	
PRICE (GA)	X			SCHWARTZ (PA)		X	
GARRETT (NJ)				YARMUTH (KY)		X	
CAMPBELL (CA)				PASCRELL (NJ)			
CALVERT (CA)	X			RYAN, TIM (OH)			
COLE (OK)	X			MOORE (WI)		X	
McCLINTOCK (CA)	X			CASTOR (FL)			
LANKFORD (OK)	X			McDERMOTT (WA)		X	
BLACK (TN)	X			LEE (CA)			
RIBBLE (WI)	X			CICILLINE (RI)		X	
FLORES (TX)	X			JEFFRIES (NY)		X	
ROKITA (IN)	X			POCAN (WI)		X	
WOODALL (GA)	X			LUJAN GRISHAM (NM)		X	
BLACKBURN (TN)	X			HUFFMAN (CA)		X	
NUNNELEE (MS)	X			CÁRDENAS (CA)			
RIGELL (VA)	X			BLUMENAUER (OR)			
HARTZLER (MO)	X			SCHRADER (OR)		X	
WALORSKI (IN)	X						
MESSER (IN)	X						
RICE (SC)	X						
WILLIAMS (TX)	X						
DUFFY (WI)							

Pursuant to a unanimous consent request made by Chairman Ryan, Representatives Garrett and Duffy requested that the record reflect they would have voted aye on the roll call vote.

4. An amendment offered by Representative McDermott creating a point of order in the House of Representatives with respect to the appointment of conferees. Dr. Price raised a point of order against the amendment as non-germane. The Chairman sustained the point of order. Ms. Schwartz appealed the ruling of the Chairman. Dr. Price then made a motion to table the appealing of the ruling of the Chairman. The tabling of the motion of appealing the ruling of the Chairman was agreed to by a roll call vote of 18 ayes and 9 noes.

ROLLCALL VOTE NO. 3

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)	X			VAN HOLLEN (MD) (Ranking)		X	
PRICE (GA)	X			SCHWARTZ (PA)		X	
GARRETT (NJ)				YARMUTH (KY)		X	
CAMPBELL (CA)				PASCRELL (NJ)			
CALVERT (CA)	X			RYAN, TIM (OH)			
COLE (OK)	X			MOORE (WI)			
McCLINTOCK (CA)	X			CASTOR (FL)			
LANKFORD (OK)	X			McDERMOTT (WA)		X	
BLACK (TN)				LEE (CA)			
RIBBLE (WI)	X			CICILLINE (RI)		X	
FLORES (TX)	X			JEFFRIES (NY)			
ROKITA (IN)	X			POCAN (WI)		X	
WOODALL (GA)	X			LUJAN GRISHAM (NM)		X	
BLACKBURN (TN)	X			HUFFMAN (CA)		X	
NUNNELEE (MS)	X			CÁRDENAS (CA)			
RIGELL (VA)	X			BLUMENAUER (OR)			
HARTZLER (MO)	X			SCHRADER (OR)		X	
WALORSKI (IN)	X						
MESSER (IN)	X						
RICE (SC)	X						
WILLIAMS (TX)	X						
DUFFY (WI)							

Pursuant to a unanimous consent request made by Chairman Ryan, Representatives Garrett and Duffy requested that the record reflect they would have voted aye on the roll call vote.

5. Dr. Price made a motion that the Committee report the bill as amended and that the bill do pass.

The motion was agreed to by a roll call vote of 15 ayes and 10 noes.

ROLLCALL VOTE NO. 4

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)	X			VAN HOLLEN (MD) (Ranking)		X	
PRICE (GA)	X			SCHWARTZ (PA)		X	
GARRETT (NJ)				YARMUTH (KY)		X	
CAMPBELL (CA)				PASCRELL (NJ)			
CALVERT (CA)	X			RYAN, TIM (OH)			
COLE (OK)	X			MOORE (WI)			
McCLINTOCK (CA)	X			CASTOR (FL)			
LANKFORD (OK)	X			McDERMOTT (WA)		X	
BLACK (TN)				LEE (CA)			
RIBBLE (WI)	X			CICILLINE (RI)		X	
FLORES (TX)	X			JEFFRIES (NY)		X	
ROKITA (IN)	X			POCAN (WI)		X	
WOODALL (GA)				LUJAN GRISHAM (NM)		X	
BLACKBURN (TN)	X			HUFFMAN (CA)		X	
NUNNELEE (MS)	X			CÁRDENAS (CA)			
RIGELL (VA)	X			BLUMENAUER (OR)			
HARTZLER (MO)	X			SCHRADER (OR)		X	
WALORSKI (IN)							
MESSER (IN)	X						
RICE (SC)							
WILLIAMS (TX)	X						
DUFFY (WI)							

Pursuant to a unanimous consent request made by Chairman Ryan, Representatives Garrett, Rice, Duffy, and Walorski requested that the record reflect they would have voted aye on the roll call vote. Representatives Moore and Pascrell requested that the record reflect they would have voted no on the roll call vote.

There was no objection to the unanimous consent request.

Dr. Price made a motion that, pursuant to clause 1 of rule XXII of the Rules of the House of Representatives, the Chairman be authorized to offer such motions as may be necessary in the House to go to conference with the Senate, and staff be authorized to make any necessary technical and conforming changes to the bill.

The motion was agreed to without objection.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on the Budget's oversight findings and recommendations are reflected in the body of this report.

BUDGET ACT COMPLIANCE

The provisions of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a)(1) of the Congressional Budget Act of 1974 (relating to estimates of new budget authority, new spending authority, new credit authority, or increased or decreased revenues or tax expenditures) are not considered applicable. The estimate and comparison required to be prepared by the Director of the Congressional Budget Office under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and sections 402 and 423 of the Congressional Budget Act of 1974 submitted to the committee prior to the filing of this report are as follows:

PERFORMANCE GOALS AND OBJECTIVES

With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goals and objectives of this legislation are to modify the rules for creating the budgetary baseline to provide a neutral starting point for the annual consideration of discretionary appropriations and ensure Congress has timely access to supplementary information on the fiscal environment both in the medium and long term.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 7 of rule XII of the Rules of the House of Representatives, the committee finds the constitutional authority for this legislation in Article I, section 9, clause 7.

COMMITTEE COST ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the committee report incorporates the cost estimate prepared by the Director of the Congressional Budget Office pursuant to sections 402 and 423 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, DC, June 21, 2013.

Hon. PAUL RYAN, *Chairman,*
Committee on the Budget, U.S. House of Representatives, Washington, DC 20515.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1871, the Baseline Reform Act of 2013.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Barry Blom, who can be reached at 226-2880.

Sincerely,

DOUGLAS W. ELMENDORF,
Director.

ENCLOSURE:

cc: Hon. CHRIS VAN HOLLEN, *Ranking Member.*

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE
JUNE 21, 2013

H.R. 1871: BASELINE REFORM ACT OF 2013

As ordered reported by the House Committee on the Budget on June 19, 2013

H.R. 1871 would change certain assumptions governing baseline budget projections and require the Congressional Budget Office to provide its Long-Term Budget Outlook report to the House and Senate Committees on the Budget annually. CBO estimates that enacting H.R. 1871 would not have a significant impact on the federal budget. Enacting H.R. 1871 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

The legislation would change the way in which discretionary appropriations for individual accounts are projected in CBO's baseline. Under H.R. 1871, projections of such spending would still be based on the current year's appropriations, but would not be adjusted for inflation going forward. Other adjustments to projections of future discretionary spending would also be eliminated. (In its baseline, CBO assumes that appropriations through 2021 will comply with the caps and other provisions of the Budget Control Act of 2011; as a result, the method of extrapolating discretionary spending may not affect the totals reported in CBO's projections.)

H.R. 1871 also would require that CBO produce its Long-Term Budget Outlook by July 1 each year. Any additional administrative costs to implement H.R. 1871 would be insignificant, because CBO already carries out similar activities.

H.R. 1871 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would have no impact on the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Barry Blom. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

ADVISORY COMMITTEE STATEMENT

No advisory committee within the meaning of section 5(b) of the Federal Advisory Committee Act was created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act (Public Law 104–1).

FEDERAL MANDATES STATEMENT

The committee adopted the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act (Public Law 104–4).

ADVISORY ON EARMARKS

In accordance with clause 9 of rule XXI of the Rules of the House of Representatives, H.R. 1871 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of rule XXI of the Rules of the House of Representatives.

DUPLICATION OF FEDERAL PROGRAMS

No provision of H.R. 1871, the Baseline Reform Act of 2013 establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111– 139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

DISCLOSURE OF DIRECTED RULE MAKINGS

The Committee estimates that H.R. 1871 the Baseline Reform Act of 2013, does not require any directed rule makings.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

* * * * * * *

PART C—EMERGENCY POWERS TO ELIMINATE DEFICITS IN EXCESS OF MAXIMUM DEFICIT AMOUNT

* * * * * * *

[SEC. 257. THE BASELINE.

[(a) IN GENERAL.—For any budget year, the baseline refers to a projection of current-year levels of new budget authority, outlays, revenues, and the surplus or deficit into the budget year and the outyears based on laws enacted through the applicable date.

[(b) DIRECT SPENDING AND RECEIPTS.—For the budget year and each outyear, the baseline shall be calculated using the following assumptions:

[(1) IN GENERAL.—Laws providing or creating direct spending and receipts are assumed to operate in the manner specified in those laws for each such year and funding for entitlement authority is assumed to be adequate to make all payments required by those laws.

[(2) EXCEPTIONS.—(A)(i) No program established by a law enacted on or before the date of enactment of the Balanced Budget Act of 1997 with estimated current year outlays greater than $50,000,000 shall be assumed to expire in the budget year or the outyears. The scoring of new programs with estimated outlays greater than $50,000,000 a year shall be based on scoring by the Committees on Budget or OMB, as applicable. OMB, CBO, and the Budget Committees shall consult on the scoring of such programs where there are differenes between CBO and OMB.

[(ii) On the expiration of the suspension of a provision of law that is suspended under section 171 of Public Law 104–127 and that authorizes a program with estimated fiscal year outlays that are greater than $50,000,000, for purposes of clause (i), the program shall be assumed to continue to operate in the same manner as the program operated immediately before the expiration of the suspension.

[(B) The increase for veterans' compensation for a fiscal year is assumed to be the same as that required by law for veterans' pensions unless otherwise provided by law enacted in that session.

[(C) Excise taxes dedicated to a trust fund, if expiring, are assumed to be extended at current rates.

[(D) If any law expires before the budget year or any outyear, then any program with estimated current year outlays greater than $50,000,000 that operates under that law shall be assumed to continue to operate under that law as in effect immediately before its expiration.

[(3) HOSPITAL INSURANCE TRUST FUND.—Notwithstanding any other provision of law, the receipts and disbursements of the Hospital Insurance Trust Fund shall be included in all calculations required by this Act.

[(c) DISCRETIONARY APPROPRIATIONS.—For the budget year and each outyear, the baseline shall be calculated using the following assumptions regarding all amounts other than those covered by subsection (b):

[(1) INFLATION OF CURRENT-YEAR APPROPRIATIONS.—Budgetary resources other than unobligated balances shall be at the level provided for the budget year in full-year appropriation Acts. If for any account a full-year appropriation has not yet been enacted, budgetary resources other than unobligated balances shall be at the level available in the current year, adjusted sequentially and cumulatively for expiring housing contracts as specified in paragraph (2), for social insurance administrative expenses as specified in paragraph (3), to offset pay absorption and for pay annualization as specified in paragraph (4), for inflation as specified in paragraph (5), and to account for changes required by law in the level of agency payments for personnel benefits other than pay.

[(2) EXPIRING HOUSING CONTRACTS.—New budget authority to renew expiring multiyear subsidized housing contracts shall be adjusted to reflect the difference in the number of such contracts that are scheduled to expire in that fiscal year and the number expiring in the current year, with the per-contract renewal cost equal to the average current-year cost of renewal contracts.

[(3) SOCIAL INSURANCE ADMINISTRATIVE EXPENSES.—Budgetary resources for the administrative expenses of the following trust funds shall be adjusted by the percentage change in the beneficiary population from the current year to that fiscal year: the Federal Hospital Insurance Trust Fund, the Supplementary Medical Insurance Trust Fund, the Unemployment Trust Fund, and the railroad retirement account.

[(4) PAY ANNUALIZATION; OFFSET TO PAY ABSORPTION.—Current-year new budget authority for Federal employees shall be adjusted to reflect the full 12-month costs (without absorption) of any pay adjustment that occurred in that fiscal year.

[(5) INFLATORS.—The inflator used in paragraph (1) to adjust budgetary resources relating to personnel shall be the percent by which the average of the Bureau of Labor Statistics Employment Cost Index (wages and salaries, private industry workers) for that fiscal year differs from such index for the current year. The inflator used in paragraph (1) to adjust all other budgetary resources shall be the percent by which the average of the estimated gross domestic product chain-type price index for that fiscal year differs from the average of such estimated index for the current year.

[(6) CURRENT-YEAR APPROPRIATIONS.—If, for any account, a continuing appropriation is in effect for less than the entire current year, then the current-year amount shall be assumed to equal the amount that would be available if that continuing appropriation covered the entire fiscal year. If law permits the transfer of budget authority among budget accounts in the current year, the current-year level for an account shall reflect transfers accomplished by the submission of, or assumed for the current year in, the President's original budget for the budget year.

[(d) UP-TO-DATE CONCEPTS.—In deriving the baseline for any budget year or outyear, current-year amounts shall be calculated using the concepts and definitions that are required for that budget year.

[(e) ASSET SALES.—Amounts realized from the sale of an asset shall not be included in estimates under section 251, 252, or 253 if that sale would result in a financial cost to the Federal Government as determined pursuant to scorekeeping guidelines.]

SEC. 257. THE BASELINE.

(a) IN GENERAL.—(1) For any fiscal year, the baseline refers to a projection of current-year levels of new budget authority, outlays, or receipts and the surplus or deficit for the current year, the budget year, and the ensuing nine outyears based on laws enacted through the applicable date.

(2) The baselines referred to in paragraph (1) shall be prepared annually.

(b) DIRECT SPENDING AND RECEIPTS.—For the budget year and each outyear, estimates for direct spending in the baseline shall be calculated as follows:

(1) IN GENERAL.—Laws providing or creating direct spending and receipts are assumed to operate in the manner specified in those laws for each such year and funding for entitlement authority is assumed to be adequate to make all payments required by those laws.

(2) EXCEPTIONS.—(A)(i) No program established by a law enacted on or before the date of enactment of the Balanced Budget Act of 1997 with estimated current year outlays greater than $50,000,000 shall be assumed to expire in the budget year or the outyears. The scoring of new programs with estimated outlays greater than $50,000,000 a year shall be based on scoring by the Committees on the Budget or OMB, as applicable. OMB, CBO, and the Committees on the Budget shall consult on the scoring of such programs where there are differences between CBO and OMB.

(ii) On the expiration of the suspension of a provision of law that is suspended under section 171 of Public Law 104–127 and that authorizes a program with estimated fiscal year outlays that are greater than $50,000,000, for purposes of clause (i), the program shall be assumed to continue to operate in the same manner as the program operated immediately before the expiration of the suspension.

(B) The increase for veterans' compensation for a fiscal year is assumed to be the same as that required by law for veterans' pensions unless otherwise provided by law enacted in that session.

(C) Excise taxes dedicated to a trust fund, if expiring, are assumed to be extended at current rates.

(D) If any law expires before the budget year or any outyear, then any program with estimated current year outlays greater than $50,000,000 that operates under that law shall be assumed to continue to operate under that law as in effect immediately before its expiration.

(3) HOSPITAL INSURANCE TRUST FUND.—Notwithstanding any other provision of law, the receipts and disbursements of the Hospital Insurance Trust Fund shall be included in all calculations required by this Act.

(c) DISCRETIONARY SPENDING.—For the budget year and each of the nine ensuing outyears, the baseline shall be calculated using the following assumptions regarding all amounts other than those covered by subsection (b):

(1) ESTIMATED APPROPRIATIONS.—Budgetary resources other than unobligated balances shall be at the level provided for the budget year in full-year appropriation Acts. If for any account a full-year appropriation has not yet been enacted, budgetary resources other than unobligated balances shall be at the level available in the current year.

(2) CURRENT-YEAR APPROPRIATIONS.—If, for any account, a continuing appropriation is in effect for less than the entire current year, then the current-year amount shall be assumed to equal the amount that would be available if that continuing appropriation covered the entire fiscal year. If law permits the transfer of budget authority among budget accounts in the current year, the current-year level for an account shall reflect transfers accomplished by the submission of, or assumed for the current year in, the President's original budget for the budget year.

(d) UP-TO-DATE CONCEPTS.—In calculating the baseline for the budget year or each of the nine ensuing outyears, current-year amounts shall be calculated using the concepts and definitions that are required for that budget year.

(e) ASSET SALES.—Amounts realized from the sale of an asset shall not be included in estimates under section 251, 251A, 252, or 253 of this part or section 5 of the Statutory Pay-As-You-Go Act of 2010 if that sale would result in a financial cost to the Government as determined pursuant to scorekeeping guidelines.

(f) LONG-TERM BUDGET OUTLOOK.—On or before July 1 of each year, CBO shall submit to the Committees on the Budget of the House of Representatives and the Senate the Long-Term Budget Outlook for the fiscal year commencing on October 1 of that year and at least the ensuing 40 fiscal years.

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VIEWS OF COMMITTEE MEMBERS

Clause 2(l) of rule XI of the Rules of the House of Representatives requires each committee to provide two days to Members of the committee to file Minority, additional, supplemental, or dissenting views and to include such views in the report on legislation considered by the committee. The following views were submitted:

MINORITY VIEWS ON MARKUP OF H.R. 1871, THE BASELINE REFORM ACT OF 2013

It is surprising that the Committee scheduled a markup of two relatively minor budget process reform bills at a time when the House of Representatives is in gross violation of the biggest and most important statute governing the budget process. Title III of the Congressional Act of 1974 (Congressional Budget Process) says "on or before April 15th of each year the Congress **shall** (emphasis added) complete action on a concurrent resolution on the budget." In other words, Congress is to hold a budget conference and resolve the differences between the House budget and the Senate budget by April 15th. House Republicans are currently blocking all efforts to hold that budget conference.

So it is strange that the Budget Committee would meet to tinker in an ill-advised way with some of the budget process at a time when this Congress is not doing its job with respect to the major responsibility of this Committee: getting a budget to remove the uncertainty, to replace the sequester so that we can remove that drag on the economy and the disruption that it is causing, and to accelerate economic growth.

For years our Republican colleagues lambasted the Senate for failing to have a budget. Yet now it has been more than 90 days since the Senate passed a budget and still the Speaker refuses to take the next step under the law, which is to appoint conferees. That step is necessary to finalize a budget in a transparent way so that the public can follow what is going on.

Democrats have tried fourteen times to get unanimous consent in the United States Senate to move to a budget conference. They have been blocked every time. Even Senator McCain has described the Republican position on this issue as "insane," as "incomprehensible," and he is not alone. There is a long list of Republican Senators, and many Republican House members, who have essentially expressed the same sentiment.

The Republican refusal to go to conference on the budget is ironic because when the acting head of the Office of Management and Budget, Jeff Zients, testified before this committee in April, Republicans roasted him because the President's budget was 65 days late. The President's budget was late because of the last-minute wrangling over the fiscal cliff agreement in January, which is a valid reason. However, now the House of Representatives is more than 65 days past the deadline for completing a conference on the budget and the Speaker continues to block progress on the budget talks. You cannot get a budget out of conference committee if the Speaker refuses to appoint conferees.

The proposed Baseline Reform Act of 2013 is simply bad policy. It is misguided because it mandates that the Congressional Budget Office (CBO) assume current discretionary spending is frozen indefinitely in its baseline projections, rather than adjusted for inflation. This change would undermine the usefulness of CBO's baselines and would make it more difficult to measure the real-world impact of changes in discretionary spending at both the program and budget function levels. Were this bill to be enacted into law and inflation remained at current projections, CBO's baseline projections by the end of the budget window, or 10 years out, would purchase about one-fifth less than in the current year.

During the markup, Democrats offered three amendments designed to address urgent fiscal issues facing the country. Sadly, Republicans decided to use procedural roadblocks to prevent votes on all three of our amendments.

The first amendment, offered by Rep. Van Hollen, is one he has already tried offering seven times at the House Rules Committee but was denied a floor vote each time. The amendment will completely replace the sequester for the remainder of fiscal year 2013 and for all of fiscal year 2014, and will reduce the deficit by an additional $30 billion through a mix of targeted cuts to spending and tax expenditures. It will replace the sequester and reduce the deficit—but unlike the current deep and arbitrary cuts, it will do so in a way that will not cost hundreds of thousands of jobs, close Head Start centers, kick seniors off of Meals on Wheels or furlough schoolteachers at bases like Fort Bragg, where the kids of our servicemen and servicewomen are being forced to go without school for five days this fall.

Unfortunately, Republicans refused to allow a vote on the merits of this amendment.

The second amendment, offered by Rep. Moore, calls on the Speaker of the House to immediately name budget conferees so that we can move forward with the process to adopt a budget resolution conference agreement. This simply requires Congress to follow the budget rules already in place. Current budget law requires the Conference Committee to complete action by April 15, but Speaker Boehner continues to block progress on the budget by refusing to appoint conferees.

Unfortunately, Republicans refused to allow a vote on the merits of this amendment.

The third amendment, offered by Rep. McDermott, establishes a new House point of order against consideration of a "deeming resolution" when the House and Senate have passed budget resolutions and no budget conferees have been named. Resorting to a "deemer" to establish budget enforcement when both Houses have produced a budget but conferees have not been appointed is admitting defeat before the process starts. If both bodies have passed a budget, there is no reason to pretend that one of them is adopted—we should go to conference and work out a final deal. Adopting a deeming resolution before a formal attempt at reaching a conference agreement is putting the cart before the horse, which is exactly what the Republican House has done this year.

Unfortunately, Republicans refused to allow a vote on the merits of this amendment.

The Budget Committee should not be spending time marking up and debating bills that do not even begin to address the most important issues facing our country. We should support efforts to produce a final budget resolution and replace the sequester. We should allow votes on these big issues, which were addressed by the Democratic amendments but not by the underlying bill. It seems ironic that the Majority blocked consideration of the Democratic amendments on the grounds of germaneness. What could possibly be more germane to the Budget Committee than holding a conference to reach agreement on a budget resolution? If replacing the sequester is not germane to the underlying bill being marked up, is that not a sign that we are marking up the wrong bill?

This is the Budget Committee; we should be addressing the big budget issues facing the country instead of tinkering in an ill-advised way with relatively minor budget process provisions at a time when this Congress is not doing its job with respect to the major responsibility of this Committee.

CHRIS VAN HOLLEN.
ALLYSON SCHWARTZ.
JOHN YARMUTH.
JIM MCDERMOTT.
BILL PASCRELL, Jr.
GWEN MOORE.
BARBARA LEE.
MICHELLE LUJAN GRISHAM.
MARK POCAN.
TIM RYAN.
DAVID CICILLINE.
EARL BLUMENAUER.
KURT SCHRADER.
HAKEEM JEFFRIES.
JARED HUFFMAN.
TONY CÁRDENAS.
KATHY CASTOR.

Appendix: Legislative Text

The following legislative text incorporates both amendments adopted in the Committee on the Budget and technical corrections.

H. R. 1871

To amend the Balanced Budget and Emergency Deficit Control Act of 1985 to reform the budget baseline.

IN THE HOUSE OF REPRESENTATIVES

MAY 8, 2013

Mr. WOODALL (for himself, Mr. GOHMERT, Mr. RIBBLE, and Mr. RYAN of Wisconsin) introduced the following bill; which was referred to the Committee on the Budget

A BILL To amend the Balanced Budget and Emergency Deficit Control Act of 1985 to reform the budget baseline.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Baseline Reform Act of 2013".

SEC. 2. THE BASELINE.

Section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

"SEC. 257. THE BASELINE.

"(a) IN GENERAL.—(1) For any fiscal year, the baseline refers to a projection of current-year levels of new budget authority, outlays, or receipts and the surplus or deficit for the current year, the budget year, and the ensuing nine outyears based on laws enacted through the applicable date.

"(2) The baselines referred to in paragraph (1) shall be prepared annually.

"(b) DIRECT SPENDING AND RECEIPTS.—For the budget year and each outyear, estimates for direct spending in the baseline shall be calculated as follows:

"(1) IN GENERAL.—Laws providing or creating direct spending and receipts are assumed to operate in the manner specified in those laws for each such year and funding for entitlement authority is assumed to be adequate to make all payments required by those laws.

"(2) EXCEPTIONS.—(A)(i) No program established by a law enacted on or before the date of enactment of the Balanced Budget Act of 1997 with estimated current year outlays greater than $50,000,000 shall be assumed to expire in the budget year or the outyears. The scoring of new programs with estimated outlays greater than $50,000,000 a year shall be based on scoring by the Committees on the Budget or OMB, as applicable. OMB, CBO, and the Committees on the Budget shall consult on the scoring of such programs where there are differences between CBO and OMB.

"(ii) On the expiration of the suspension of a provision of law that is suspended under section 171 of Public Law 104–127 and that authorizes a program with estimated fiscal year outlays that are greater than $50,000,000, for purposes of clause (i), the program shall be assumed to continue to operate in the same manner as the program operated immediately before the expiration of the suspension.

"(B) The increase for veterans' compensation for a fiscal year is assumed to be the same as that required by law for veterans' pensions unless otherwise provided by law enacted in that session.

"(C) Excise taxes dedicated to a trust fund, if expiring, are assumed to be extended at current rates.

"(D) If any law expires before the budget year or any outyear, then any program with estimated current year outlays greater than $50,000,000 that operates under that law shall be assumed to continue to operate under that law as in effect immediately before its expiration.

"(3) HOSPITAL INSURANCE TRUST FUND.—Notwithstanding any other provision of law, the receipts and disbursements of the Hospital Insurance Trust Fund shall be included in all calculations required by this Act.

"(c) DISCRETIONARY SPENDING.—For the budget year and each of the nine ensuing outyears, the baseline shall be calculated using the following assumptions regarding all amounts other than those covered by subsection (b):

"(1) ESTIMATED APPROPRIATIONS.—Budgetary resources other than unobligated balances shall be at the level provided for the budget year in full-year appropriation Acts. If for any account a full-year appropriation has not yet been enacted, budgetary resources other than unobligated balances shall be at the level available in the current year.

"(2) CURRENT-YEAR APPROPRIATIONS.—If, for any account, a continuing appropriation is in effect for less than the entire current year, then the current-year amount shall be assumed to equal the amount that would be available if that continuing appropriation covered the entire fiscal year. If law permits the transfer of budget authority among budget accounts in the current year, the current-year level for an account shall reflect transfers accomplished by the submission of, or assumed for the current year in, the President's original budget for the budget year.

"(d) UP-TO-DATE CONCEPTS.—In calculating the baseline for the budget year or each of the nine ensuing outyears, current-year amounts shall be calculated using the concepts and definitions that are required for that budget year.

"(e) ASSET SALES.—Amounts realized from the sale of an asset shall not be included in estimates under section 251, 251A, 252, or 253 of this part or section 5 of the Statutory Pay-As-You-Go Act of 2010 if that sale would result in a financial cost to the Government as determined pursuant to scorekeeping guidelines.

"(f) LONG-TERM BUDGET OUTLOOK.—On or before July 1 of each year, CBO shall submit to the Committees on the Budget of the House of Representatives and the Senate the Long-Term Budget Outlook for the fiscal year commencing on October 1 of that year and at least the ensuing 40 fiscal years.".

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