

**Congressman Baron Hill (IN-09)**

**Statement Regarding  
Budget Enforcement and PAYGO  
Before the House Rules Committee  
Subcommittee on Legislative & Budget Process**

**Thursday, March 11, 2004**

First, Madam Chairwoman, I want to begin by thanking you for scheduling this hearing to explore budget enforcement proposals. I am pleased that members of Congress are taking an active interest in exploring ways to get our fiscal house back in order. Budget enforcement is something I feel strongly about, and I welcome the opportunity to continue this important discussion with my colleagues.

I also appreciate the opportunity to be joined today by my friend and colleague, Mr. Stenholm, who has been a staunch supporter of budget enforcement and responsible fiscal policy.

Last year, I, along with Mr. Stenholm and several of my Blue Dog colleagues, introduced a budget enforcement package that would have extended and strengthened budget enforcement rules, reformed the emergency spending loophole, and improved honesty and accountability in the budget. If Congress had passed the Assuring Honesty and Accountability Act of 2003, we would not be in the fiscal mire that we find ourselves in today.

The enforcement package I introduced last year is the only budget that would have brought us back from deficits to surplus by 2009. If we are going to move out from under these massive deficits and back to the surpluses we saw just a few years ago, we must have rules in place that will force us to confront the tough choices we have in front of us. Despite good intentions, we all know Congress does not have the best track record when it comes to living within its means without some type of enforcement mechanism.

Let me share with you some figures that illustrate just how important it is that Congress reinstates budget enforcement mechanisms to keep our fiscal house in check. Our current budget outlook shows that the national debt will have eclipsed \$10 trillion by the year 2009. In contrast, just a few short years ago we had an actual surplus of \$236 billion. Perhaps it is not a coincidence that during these few years, PAYGO has expired, and we have gone from a \$236 billion surplus to this year, a projected \$520 billion deficit. It is clear that these ballooning deficits are going to impose some impossible choices on future generations.

In these tight times, fiscal responsibility requires that we hold the line on spending. The enforcement package I offered would have set discretionary spending limits for five years

at levels requested by the President. If we are going to get out of the red and back into the black, we must focus on spending.

The way to enforce that line we set on spending is to reenact PAYGO rules. The proposal I introduced would have extended pay-as-you-go rules to require that *any* legislation dealing with mandatory spending or revenues that would increase the deficit be paid for with offsetting changes in mandatory spending or revenues. Additionally, a separate vote would have been required in the House to increase spending above the discretionary spending limits or to waive the PAYGO requirements, instead of just folding in a waiver of the PAYGO rules or an increase in the spending limit into the legislation being offered.

I am pleased that the President has endorsed a form of PAYGO in his proposed budget, but there remains a large hole because proposals that would alter the revenue side are not subject to those rules. I am concerned that some of my colleagues would only address the spending side of the issue and ignore the consequences to the budget when making changes in revenue. If we're going to have an honest budget process, then we have to plug both sides of the leak. We can't be plugging it up on the spending side, all the while letting it run out on the revenue side. The math just doesn't add up.

My budget enforcement proposal also established a general definition for emergency spending and required that the President and Congress provide justifications for emergency spending based on the established criteria. In an effort to improve honesty and accountability, the bill would have prevented budget gimmicks intended to circumvent budget rules or mask the cost of legislation by closing loopholes in the budget act. Additionally, it would have required more information regarding costs of legislation.

We go through the exercise of setting a budget for a simple reason. There is a limited amount of money to go around. The only way to manage the taxpayers' money in a responsible way is to set our priorities within the means we have, and then stick to the rules that we set. If we don't set limits, there will always be one more project or one more program that seems to be a worthy cause. We've gotten ourselves into this fiscal mess because we didn't enforce the limits we set. It's going to be a painful process to get back on the right track, and we're not going to be able to do it without a set of rules that holds our feet to the fire while getting us there.

This being said, I would like to note that the budget process is not a substitute for tough choices; it is an important tool for facing the choices we must make in order to get a handle on the deficit. Budget enforcement cannot prevent Congress from enacting legislation that increases the deficit but will make us think long and hard before doing so, and it holds us accountable for our decisions.

I look forward to continuing to work on this issue in a bipartisan manner with my colleagues.

Again, Madam Chairwoman, I thank you for this opportunity to testify today.