

## ***Broken Budget 101: How Washington (Doesn't) Work***

It's true that many will see the topic of this article and decide there are other things they'd rather do than read it, like get a root canal or be audited. Certainly, topics like taxes, federal spending, and budgets are complicated and frustrating. But these issues have a significant impact on our day-to-day lives, existing within the whirlwind of a federal system that lately is dysfunctional at best and not serving the American people well. The more we know about what's broken, the more we can do to fix it. And right now, not many things in Washington seem more broken than the budget.

Officials on Capitol Hill and in the White House are currently busy preparing for potentially monumental political battles in the coming weeks over federal spending, taxes, and the national debt. Despite the dire economic consequences that loom if deals are not reached, however, many Americans do not fully understand what exactly needs to be resolved, or even how the process works.

Unfortunately, the answers aren't so simple. That's because the system is broken, and explaining it as-is would be the equivalent of using a crashed car to explain how automobiles work. It can be done, but only if the phrase "supposed to" is used a lot. So let's start with how the process is intended to work and then move into actual practice in recent years.

This is what is supposed to happen. The federal government is required each year to pass an annual budget. Agencies work internally and with the Office of Management and Budget (OMB) over several months to compile budget requests, which are submitted to the OMB in the fall. The OMB then assists the president in compiling one unified budget proposal, which covers the whole government and reflects his priorities for the coming year. By law, the president must submit this to Congress by the first Monday in February. Congress in turn, with the help of the Congressional Budget Office (CBO), utilizes this proposal to build its own joint budget resolution, which must be completed by April 15<sup>th</sup>. This resolution then guides the drafting and passage of all spending and authorization bills needed to put the new budget into place by the October 1<sup>st</sup> deadline, when the old fiscal year ends and the new one takes effect.

This process serves to create a comprehensive, cyclical evaluation of values, priorities, and policies in order to make government more efficient, effective, and responsive to the needs of the country. Unfortunately, it has over the years been relegated to little more than a fairy tale.

And how has the process been carried out most recently? To put it bluntly, it hasn't. The last time a federal budget was passed into law was April, 2009 when the FY2009 budget was approved seven months late. That's nearly four years without a full reassessment of how trillions of dollars are being spent at the federal level. How can the government operate without a budget? It's done by the use of successive continuing resolutions, which serve to delay budgetary due dates for weeks or months at a time. These resolutions amount to self-granted extensions to budget deadlines that allow the government to continue spending money at the previous year's levels. Since 2009, soaring budget deficits – the amounts of government spending that have to be borrowed – have gone virtually unchecked and unchallenged. This spending spree has added well over \$5 trillion to a national debt that is soon to top \$16.5 trillion.

In fact, the US has repeatedly “maxed out” its borrowing capacity, known as the debt ceiling, and each time has had to pass legislation to increase that borrowing limit. To try and reverse this trend, Congress passed the Budget Control Act of 2011, which demanded that Congress find agreement on ways to reduce the budget deficit or else face painful, automatic across-the-board spending cuts. When Congress (surprise!) failed to reach agreement, the economy was brought to the brink of the fiscal cliff.

That brings us to now. There is virtually no indication (or much belief) that a budget will be passed in 2013. Meanwhile, the fiscal cliff crisis is delayed only until the end of February. Soon after that, the latest continuing resolution expires in late March, threatening a government shutdown. And finally, borrowing will again hit the debt ceiling by May, threatening another showdown that could do long-term damage. Any of these alone could derail an already fragile American economy. Coming on the heels of one another, they could be devastating, like successive tidal waves. It’s a good thing there are dedicated statesmen in Washington who will without hesitation put partisanship aside, and reach consensus on these issues before the country as a whole pays an unnecessary price...right? Right?