

TESTIMONY OF
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BEFORE THE SUBCOMMITTEE ON
OVERSIGHT AND INVESTIGATIONS
OF THE
HOUSE COMMITTEE ON ENERGY AND COMMERCE
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Thank you Mr. Chairman.

My testimony today is my own personal view on the subject of this hearing. I am not here representing a client, my firm, or any other organization with which I'm associated and my comments absolutely are mine alone.

A few very brief words of introduction:

I have spent most of my adult life working on the federal budget in some capacity. I am one of only a handful of people who has worked on the staffs of both the House and Senate Budget Committees. I have been director of federal budget policy for what today are known as PriceWaterhouseCoopers and Deloitte. I am the author of *The Guide to the Federal Budget*, one of the most assigned texts on the topic in the 19 years an annual edition was published. For

the past 15 years I have written a weekly column on the budget, first “Budget Battles” in NationalJournal.com, and now “Fiscal Fitness,” a feature you no doubt all read religiously when it appears in *Roll Call* each Tuesday. I am also the founder and one of the principal writers for “Capital Gains and Games,” a blog devoted mostly to federal budget issues that in 2009 the *Wall Street Journal* included in its list of the top 25 economic blogs in the United States.

I consider myself to be a deficit hawk, but I sometimes get criticized from both the far right for being too left and by the left as being too far right. I take a great deal of comfort in that and am proud that, when it comes to the budget, I am considered a centrist and rational. Because of it, I have been invited on a number of occasions to do the briefing on the budget for the newly elected members of Congress at the orientation held after each congressional election at the Kennedy School of Government at Harvard.

Before anyone asks me about it, I did indeed work for three very liberal Democratic members of the U.S. House of Representatives when I was much younger. But you should also know that I was privileged to be the first speaker at the first meeting of the House tea party caucus held on February 28. I was there at the invitation of Congresswoman Michele Bachmann who liked a column on the debt ceiling I wrote for *Roll Call* back in January and asked me to discuss the topic with the members of Congress who attended the meeting.

I tell you all of this to put what I am about to say about this hearing in a nonpartisan, centrist context. Based on what I've studied, observed, participated in and commented about the federal budget on over the past almost four decades, it's hard to understand why this hearing is being held.

The answer to the subject of this hearing is obvious and straightforward: Of course the Obama administration has done...and continues to do a line-by-line, program-by-program review of the budget. There's simply no reason for this subcommittee to think otherwise.

In fact, that's what budget "formulation" – the sometimes tortuous, repetitive, and exceptionally detailed process the executive branch goes through to put together the president's budget each year – is all about.

A line-by-line review is standard every year when an administration puts together its budget. But it is especially the case in a year like this when the White House is proposing significant spending cuts rather than spending increases. Budget cuts such as the ones in the fiscal 2012 budget the president sent to Congress at the in February require additional detailed reviews that typically include senior White House staff, the cabinet, and the president and vice president. These days, when the low-hanging budget changes were made long ago, the policy decisions required to make the call about what to cut cannot be made without involvement at the highest levels.

Sadly, this same type of highly detailed, line-by-line review is not typical of the way the legislative branch typically looks at the federal budget. The Congressional Budget Office and the Appropriations Committee staff do indeed do a detailed program-by-program review. But in my experience, because of their personal time constraints and the limits on staff resources, few members of Congress, including many with direct responsibility for approving or overseeing department and agency budgets, ever review more than the handful of line items within their jurisdiction. In many cases they don't even do that. And in many years in the recent past, and apparently in this year as well, the ultimate spending decisions made in Congress center largely on across-the-board changes to the previous year's levels rather than a line-by-line review.

The ultimate irony of today's hearing is that one of the reasons most representatives and senators don't review every line item in the budget each year is the voluminous material the executive branch provides to the House and Senate based on the detailed review it conducts. The budget appendix – the part of the president's budget submission that looks like a Manhattan telephone directory and has print just as small – is just the tip of the fiscal iceberg. So-called "justification books" with extensive details are provided to the appropriations committees, briefing documents galore are prepared for authorizing committees, and computer runs with more-detailed data than anyone could possibly use on every program in the budget are sent to CBO. The level of detail provided by the

White House to Capital Hill is what allows Congress to put its own fiscal focus elsewhere.

In conclusion, the answer to your question about whether the Obama administration has conducted a “page-by-page, line-by-line” review of the federal budget is an unambiguous yes.