



Again, The House Punts on Fiscal Reform

By [Nicole Kaeding](#)

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The House of Representatives is set to vote to keep the federal government's doors open for the next several months. The plan, however, is a disappointing grab-bag of provisions. Instead of tackling the country's pending fiscal crisis, the House's Continuing Resolution (CR) punts, saving much-needed reforms for another day.

According to a released draft, the House's version will fund the government's spending until December 11, 2014. This plan will allow members to wrap their current session this week, leave town, and resume campaigning for the November elections.

This would enable Congress to shirk its responsibilities. Federal law says that Congress is to debate and pass 12 bills every year to fund various aspects of the government. These bills force Congress to debate and make the tough decisions about priorities for federal spending. Congress proactively chooses how to responsibly spend taxpayers' money.

The CR combines everything into one bill, allowing members to delegate that task to a simple, self-imposed yes or no vote: yes, you want to fund government operations or no, you don't want to fund government operations. Irresponsibility masquerades as responsibility; members can champion keeping the lights on, but really they've just delayed making tough decisions.

Even worse for taxpayers, this CR does not cut spending. The federal government's bloated budget is maintained. The CR funds government activities at the same level as fiscal year 2014. While not growing the government is a step in the right direction for Congress, it still is not enough. The federal government simply spends too much money.

Our spending problem is poised to get much worse. Social Security, and the major health care programs, Medicare, Medicaid, and the Children's Health Insurance Program (CHIP), comprise half of all federal spending, costing taxpayers \$1.8 billion annually. That is four-and-a-half times the amount of money collected every year in corporate income taxes. These programs are staggering in their size.

And they are growing quickly. According to a recent report from the Congressional Budget Office (CBO), Medicaid, the health insurance program for low-income individuals, increased 15

percent in fiscal year 2014. The dramatic increase is due to ObamaCare's large expansion of the program. This is just one aspect of the \$2 trillion in new spending on ObamaCare.

The CBO cautions that this is not a one-time occurrence. The entitlement programs will continue to grow, placing immense pressure on the federal budget. Social Security, the health care programs, and interest on the national debt make up 85 percent of the growth in federal spending over the next decade. By 2024, Social Security and the major health programs will double in costs. Interest on the national debt will triple.

Due to complicated federal budgetary rules, these entitlement programs are traditionally outside of the CR's text, but Congress could easily include reforms within the CR package. Congress should not ignore these growing problems.

Congress also punts on closing the cronyist Export-Import bank (Ex-Im). The Bank provides handouts to American manufacturers, namely Boeing and General Electric, for exported products. Boeing received over \$8 billion in assistance in fiscal year 2013. Supporters of the bank claim that Ex-Im boosts the United States economy and helps manufacturers. A [recent study](#) from my Cato Institute colleague, Daniel Ikenson, shows that supporters exaggerate the benefits. He estimates Ex-Im imposes a net cost of \$2.8 billion annually. The CR needlessly extends Ex-Im until June 30, 2015.

Additionally, the House version of the CR extends the Internet Tax Moratorium, but just until December. In 1998, Congress passed legislation that prohibits federal, state, and local governments from taxing internet services, such as bandwidth or email. This moratorium expires on November 1, 2014. The House CR extends that date just a few weeks. Ideally, the House will simply adopt its plan from earlier in the summer and extend the moratorium permanently.

Finally, the CR overfunds the supplemental war budget, known as Overseas Contingency Operations (OCO), by \$26 billion from the Obama Administration's request. OCO was designed to decrease annually as operations in Iraq and Afghanistan decreased, but here the House is increasing the funding. This is even more alarming as OCO spending is not subject to the same budgetary rules and disciplines as other parts of the federal budget making. It is a slush fund for Congress.

This CR makes political sense; it allows members to keep the status quo and return home to campaign. Unfortunately, taxpayers are left to pay for this convenience.

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