113TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPT. 113–161
Part 1

H.R. 1874, PRO-GROWTH BUDGETING ACT OF 2013

R E P O R T

OF THE

COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES

TO ACCOMPANY

H.R. 1874

together with

MINORITY VIEWS

JULY 19, 2013.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

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PRO-GROWTH BUDGETING ACT OF 2013

JULY 19, 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

REPORT

together with

MINORITY VIEWS

[To accompany H.R. 1874]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Budget, to whom was referred the bill (H.R. 1874) to amend the Congressional Budget Act of 1974 to provide for macroeconomic analysis of the impact of legislation, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

The amendments (stated in terms of the page and line numbers of the introduced bill) are as follows:

Page 2, line 17, strike "Such estimate" and all that follows through "202(e)(4)." on page 2, line 19.

Page 4, beginning on line 20, strike "Congressional Budget Act of 1974" and insert "Congressional Budget and Impoundment Control Act of 1974".

INTRODUCTION

H.R. 1874, the 'Pro-Growth Budgeting Act of 2013' was introduced by Representative Price of Georgia. Economists from across the ideological spectrum agree that legislation considered by Congress can have significant effects on economic growth. While the Congressional Budget and Impoundment Control Act of 1974 (Congressional Budget Act) requires that the Congressional Budget Office (CBO) provide Congress with information on the fiscal impact of all legislation reported from committee, there is no systematic requirement for analysis of the macroeconomic impact of legislation. This bill remedies that shortcoming.

The economic recovery from the recession in 2008 and 2009 has been unsatisfactory on nearly all fronts despite the unprecedented amount of debt-financed government spending aimed at boosting output and creating jobs. Real gross domestic product (GDP) grew by just 2.2 percent last year, well below the 3.0 percent historical trend rate of U.S. growth and just a fraction of the growth pace observed in a typical recovery from recession. The unemployment rate, although it has declined recently, remains unacceptably high at 7.6 percent.

Economists now estimate that with such subpar economic growth the unemployment rate will probably not return to its pre-recession level until late in the decade. It is clear that one of the key drags on the economy is the enormous amount of policy uncertainty generated by Washington, which makes businesses unable to predict their future costs, tax liability and profits, making them wary about investing, expanding and hiring. This uncertainty has been generated by a host of tax and legal mandates soon to take effect as a result of recently-passed health care legislation as well as the new regulatory burdens, some of which have yet to come into effect, contained in the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Summary of Proposed Changes

The bill requires CBO to produce a supplemental macroeconomic analysis for major legislation that would describe the likely impact of such legislation on key economic variables such as business investment, the capital stock, employment, labor supply, and real Gross Domestic Product (GDP). Importantly, this analysis would reflect both the short-term and long-term economic impact as the specified horizon for the analysis would be four decades (i.e., three decades beyond the typical 10-year budget window), allowing policymakers to judge whether or not considered policies would have a net positive or net negative economic impact over time. Likewise, the analysis would include estimates of revenue increases or decreases resulting from changes in real GDP, which, as a supplement to a traditional cost estimates, would help policymaker's better understand the full budget, as well as economic, impact of legislation.

The Act defines major legislation by the gross changes in fiscal aggregates the legislation would cause as a percentage of the economy. It defines a 'major bill or resolution' as legislation causing a change in revenues, outlays, deficits, or debt in excess of 0.25 percent of GDP within the 10-year budget window. The Act relies on the analysis CBO is already required to conduct under section 402 of the Congressional Budget Act, which uses the so-called current law baseline.

CBO already has the necessary analytical tools and expertise to produce the macroeconomic reports envisioned by this legislation for Congress. CBO has occasionally provided such reports for certain legislation or policies (e.g., 'The Economic Impact of S. 744, The Border Security, Economic Opportunity, and Immigration Modernization Act of 2013' (June 2013) and 'The Economic Impact of the President's 2013 Budget' (April 2012), Congressional Budget

Office) though currently this analysis is done on an ad hoc basis, or by request only. A key aim of this legislation is to formalize the process of producing such analysis for each major bill or resolution before Congress, thereby providing Members with useful information on a consistent basis.

In its macroeconomic analysis, CBO has typically used a number of economic models which focus, respectively, on different timeframes (e.g., short term vs. long term) and contain different assumptions about how individuals, and the overall economy, respond to policy changes. While it is clear major legislation has a significant impact no one economic model gives a complete picture of how the economy would actually respond to a major government spending or tax policy change. Generally speaking, CBO uses a pair of traditional macroeconomic forecasting models developed by private-sector companies (Macroeconomic Advisers and IHS Global Insight) to gauge the short-term economic impact of policies. These models are driven by traditional Keynesian economic relationships that emphasize the influence of aggregate demand on output in the short term.

CBO also uses a pair of other models to gauge the medium and long-term economic impact of policies. These so-called growth models (a Solow-type growth model and a life-cycle growth model) concentrate on the supply-side factors in the economy. The elements driving economic output in these models are labor supply, the size and composition of the capital stock, and productivity (the interaction between labor and capital). With these diverse economic models, CBO produces a range of possible economic effects, reflecting the diversity of assumptions inside the models.

To the extent practicable, this legislation envisions that CBO will use a wide variety of economic models as well as the broad spectrum of empirical economic research and academic scholarship to inform the assumptions and parameters within these models (e.g., how people's work hours and employment decisions would respond to changes in marginal tax rates) in order to reflect the full range of possible economic outcomes resulting from a bill.

The legislation requires CBO to provide detailed explanations of the models used and the bases for its analysis in order to promote greater understanding by policymakers and the public about the strengths and weaknesses of the analysis provided. To further this transparency, the Committee requests that CBO provide to the House and Senate Budget Committees a report within one year of enactment outlining the economic models they will be using and the procedures they will follow in implementing this bill.

LEGISLATIVE HISTORY

Legislation in the 112th Congress

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. 3582, the 'Pro-Growth Budgeting Act of 2011,' introduced by Representative Tom Price (R–GA–6). On February 2, 2012, H.R. 3582, the 'Pro-Growth Budgeting Act of 2011,' passed the House of Representatives by a 242–179 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. 1874, the 'Pro-Growth Budgeting Act of 2013,' introduced by Representative Tom Price (R–GA–6).

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, 1985–2002) testifying.

PURPOSE AND NEED

A frequent criticism of CBO is its cost estimates do not capture the economic impact of legislation. Since the scoring of legislation is done on a 'static' basis, it does not take into account the degree to which policies might impact the overall economy (i.e., GDP) in a positive or negative way.

According to the traditional scoring method used by CBO and the Joint Committee on Taxation (JCT), scorekeepers implicitly assume that the size of the economy (and therefore key economic variables such as labor supply and investment) remain fixed throughout the considered budget horizon. Many economists believe that fundamental tax reform, that is to say a broader tax base and lower tax rates, would lead to greater labor supply and increased investment, which, over time, would have a positive impact on total national output.

Likewise, sharp increases in marginal tax rates would generally be expected to lead to lower national output over time. These macroeconomic effects are left out of the traditional cost estimates provided to policymakers. The estimates incorporate certain dynamic behavioral effects at the microeconomic, or individual, level but they do not incorporate macroeconomic effects that are associated with changes in economic performance.

Some have therefore advocated that CBO should switch to scoring methodology that incorporates changes in macroeconomic variables in order to provide policymakers with a more accurate picture of the economic reality that might result from policies under their consideration. Several complications have been identified with such an approach. For instance, there would be technical difficulties in generating consistent and objective scores as these scores would rely heavily on a host of sometimes contentious assumptions about the presumed macroeconomic response to a given policy. Static scores typically produce a point estimate which then becomes the single, agreed-upon 'cost' of legislation for policymakers. To accurately reflect the range of opinion about the assumptions in a macroeconomic score, scorekeepers would likely need to provide a range of cost estimates, which could complicate budget enforcement.

The consensus of the economic community is that traditional 'static' scoring methods leave out essential information about real-world macroeconomic effects that should inform policymakers' thinking about legislation. However, the same community cautions that a switch to macroeconomic scoring of a sort that would be objective and consistent is not technically feasible at this time. The 'Pro-Growth Budgeting Act of 2013' seeks to bridge this divide by providing policymakers with a greater amount of information about the likely economic impact of policies under their consideration while at the same time preserving traditional scoring methods and reporting conventions.

In H. Res. 5 of the 105th (January 7, 1997) Congress amended the Rules of the House of Representatives by adding a requirement that a macroeconomic analysis be done and included in committee reports for legislation effecting Federal revenues. The analysis, though, was only done for major legislation so designated by the Majority Leader, after consultation with the Minority Leader, and then requested by the chair of the Committee on Ways and Means. Before the House recodified its rules in the 106th Congress, the provision was found in former clause 7(e) of rule XIII (H. Res. 5, January 6, 1999).

H. Res. 5 of the 108th Congress (January 7, 2003) amended the previous rule by requiring the macroeconomic analysis be done for revenue legislation, if practicable, rather than only at the request of the chair of the Committee on the Ways and Means. A point of order lies against any bill if its report does not include such an analysis or a statement explaining why a macroeconomic impact analysis is not calculable.

This language may be found in section (2)(A) of clause 3 of Rule XIII of the House of Representatives for the 112th Congress.

Section by Section

SECTION 1. SHORT TITLE.

This section establishes the short title of the bill as the "Pro-Growth Budgeting Act of 2013".

SECTION 2. MACROECONOMIC IMPACT ANALYSES.

Subsection (a) amends Title IV of the Congressional Budget Act (CBA) by adding at the end of Part A, a new section 407 that requires CBO to perform a macroeconomic impact analysis of 'major legislation'. The macroeconomic impact analysis is a supplement to the cost estimates CBO prepares pursuant to section 402 of the CBA. The analysis is required to address the 10-year budget window and each of the next three 10-year fiscal-year periods resulting in an analysis that covers a total of 40 years.

Subsection 407(b) requires the macroeconomic impact analysis to describe the potential economic impact of the applicable bill or resolution on major economic variables, including real gross domestic product (GDP), business investment, the capital stock, employment, interest rates, and labor supply. The analysis will also describe the potential fiscal effects of the bill or resolution, including any estimates of revenue increases or decreases resulting from changes in

GDP. The analysis should, to the extent practicable, use a variety of economic models to reflect the full range of possible economic outcomes resulting from the bill or resolution.

Subsection 407(c) defines terms used in the section:

'Macroeconomic impact analysis' means an estimate of the changes in economic output, employment, interest rates, capital stock, and tax revenues expected to result from enactment of the proposal. In addition, it is an estimate of revenue feedback expected to result from enactment of the proposal, and a statement identifying critical assumptions and the source of data underlying that estimate.

'Major bill or resolution' means any bill or resolution if the gross budgetary effects for a fiscal year which an estimate is prepared under section 402 is estimated to be greater than 0.25 percent of the current projected GDP for any such fiscal year. If CBO estimates under its traditional estimating methodology that the legislation will change direct spending outlays, revenues, deficits, or debt by an amount greater than 0.25 percent of GDP in that year, then it is a major bill or resolution under this definition.

'Budgetary effect', when applied to a major bill or resolution, means the changes in revenues, outlays, deficits, and debt resulting from that measure.

'Revenue feedback' means changes in revenue resulting from changes in economic growth as the result of the enactment of any major bill or resolution.

Subsection (b) amends the table of contents for the Congressional Budget Act of 1974 (section 1(b)) to reflect the addition of section 407.

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 Pro-Growth Budgeting 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.

The committee adopted and ordered reported the Pro-Growth Budgeting Act of 2013.

The committee took the following votes:

1. A technical amendment offered by Dr. Price correcting a cross reference. 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.

Chairman Ryan asked unanimous consent to leave the vote open for an hour in order for all members to have time to record their votes.

There was no objection to the unanimous consent request.

2. 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 22 ayes and 11 noes.

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)	X			YARMUTH (KY)		X	
CAMPBELL (CA)	X			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)	X			LEE (CA)		X	
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)	X						

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

3. 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 provide for systematic requirements for analysis of the economic impact of major legislation.

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. 1874, the Pro-Growth Budgeting 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. 1874: PRO-GROWTH BUDGETING ACT OF 2013

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

SUMMARY

H.R. 1874 would require the Congressional Budget Office to provide a macroeconomic impact analysis for bills that are estimated to have a large budgetary effect.

Under H.R. 1874, CBO would be required to provide—to the extent practicable—an analysis of the impact on the economy of any bill that would have an estimated budgetary effect of greater than 0.25 percent of gross domestic product (GDP) in any fiscal year. (Currently, that threshold would be about $40 billion, based on GDP of about $16 trillion.) The macroeconomic analysis would include the estimated effect on revenues and outlays of a change in GDP resulting from the legislation being evaluated. The bill also would require CBO to publicly provide the assumptions and models underlying those analyses.

CBO estimates that implementing H.R. 1874 would cost about $2 million over the 2014-2018 period, assuming appropriation of the necessary amounts. Enacting H.R. 1874 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 1874 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1874 is shown in the following table. The costs of this legislation fall within budget function 800 (general government).

[By Fiscal Year, in Millions of Dollars]

	2014	2015	2016	2017	2018	2014–2018
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	*	*	*	*	*	2
Estimated Outlays	*	*	*	*	*	2

Note: * = less than $500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted late in 2013, that the necessary funds will be provided for each year, and that spending will follow historical patterns for similar activities.

CBO estimates that in order to prepare for the macroeconomic impact studies, as called for in H.R. 1874, the agency would probably need two or three additional staff members. (The amount of extra personnel resources needed is uncertain, as it would depend on how many pieces of legislation with budgetary effects greater than 0.25 percent of GDP in a fiscal year are considered by the Congress in each year.) In addition to taking the lead on new macroeconomic impact studies, the additional CBO staff members would be responsible for preparing the descriptions of underlying assumptions and models for the public (as required by the bill). Based on current average costs (including salaries and associated benefits), adding two or three staff members would cost between $300,000 and $500,000 per year beginning in fiscal year 2014, resulting in a five-year cost of roughly $2 million.

PAY-AS-YOU-GO CONSIDERATIONS

None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1874 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATE PREPARED BY

Federal Costs: Barry Blom. Impact on State, Local, and Tribal Governments: Elizabeth Cove Delisle. Impact on the Private Sector: Paige Piper/Bach.

ESTIMATE 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. 1874 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. 1874, the Pro-Growth Budgeting 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. 1874, the Pro-Growth Budgeting 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 (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

SHORT TITLES; TABLE OF CONTENTS

SECTION 1. (a) SHORT TITLES.—This Act may be cited as the “Congressional Budget and Impoundment Control Act of 1974”. Titles I through IX may be cited as the “Congressional Budget Act of 1974". Parts A and B of title X may be cited as the "Impoundment Control Act of 1974". Part C of title X may be cited as the "Line Item Veto Act of 1996".

(b) TABLE OF CONTENTS.—

* * * * * * *

TITLE IV—ADDITIONAL PROVISIONS TO IMPROVE FISCAL PROCEDURES

PART A—GENERAL PROVISIONS

* * * * * * *

MACROECONOMIC IMPACT ANALYSIS OF MAJOR LEGISLATION

SEC. 407. (a) CONGRESSIONAL BUDGET OFFICE.—The Congressional Budget Office shall, to the extent practicable, prepare for each major bill or resolution reported by any committee of the House of Representatives or the Senate (except the Committee on Appropriations of each House), as a supplement to estimates prepared under section 402, a macroeconomic impact analysis of the budgetary effects of such bill or resolution for the ten fiscal-year period beginning with the first fiscal year for which an estimate was prepared under section 402 and each of the next three ten fiscal-year periods. The Director shall submit to such committee the macroeconomic impact analysis, together with the basis for the analysis. As a supplement to estimates prepared under section 402, all such information so submitted shall be included in the report accompanying such bill or resolution.

(b) ECONOMIC IMPACT.—The analysis prepared under subsection (a) shall describe the potential economic impact of the applicable major bill or resolution on major economic variables, including real gross domestic product, business investment, the capital stock, employment, interest rates, and labor supply. The analysis shall also describe the potential fiscal effects of the bill or resolution, including any estimates of revenue increases or decreases resulting from changes in gross domestic product. To the extent practicable, the analysis should use a variety of economic models in order to reflect the full range of possible economic outcomes resulting from the bill or resolution. The analysis (or a technical appendix to the analysis) shall specify the economic and econometric models used, sources of data, relevant data transformations, and shall include such explanation as is necessary to make the models comprehensible to academic and public policy analysts.

(c) DEFINITIONS.—As used in this section—

(1) the term "macroeconomic impact analysis" means—

(A) an estimate of the changes in economic output, employment, interest rates, capital stock, and tax revenues expected to result from enactment of the proposal;

(B) an estimate of revenue feedback expected to result from enactment of the proposal; and

(C) a statement identifying the critical assumptions and the source of data underlying that estimate;

(2) the term "major bill or resolution" means any bill or resolution if the gross budgetary effects of such bill or resolution for any fiscal year in the period for which an estimate is prepared under section 402 is estimated to be greater than .25 percent of the current projected gross domestic product of the United States for any such fiscal year;

(3) the term "budgetary effect", when applied to a major bill or resolution, means the changes in revenues, outlays, deficits, and debt resulting from that measure; and

(4) the term "revenue feedback" means changes in revenue resulting from changes in economic growth as the result of the enactment of any major bill or resolution.

* * * * * * *

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. 1874, THE PRO-GROWTH BUDGETING 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.

There is nothing "pro-growth" about the bill being marked up, HR 1874. It does nothing to create one single job, promote economic growth, replace the sequester, or reduce the deficit and growing debt, which are the nation's real budgetary problems. Rather, this bill would require the Congressional Budget Office (CBO) to produce additional economic impact analyses using dynamic scoring, a methodology favored by Republicans because its subjective nature lends itself to the make-believe theory that tax breaks for the wealthy pay for themselves due to trickle-down economics. The bill is designed to consider the dynamic impact of tax cuts, not spending on investments, because it specifically excludes analyzing the economic impact of bills reported by the Appropriations Committee, which contain investments that foster economic growth. Compounding the bad policy, this bill is unnecessary because CBO already provides this type of analysis of major bills upon request.

When the Committee marked up this bill it also marked up another misguided budget process bill, to which 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. 1874

To amend the Congressional Budget Act of 1974 to provide for macroeconomic analysis of the impact of legislation.

IN THE HOUSE OF REPRESENTATIVES

MAY 8, 2013

Mr. PRICE of Georgia (for himself, Mr. RYAN of Wisconsin, Mrs. BLACK, Mr. CHAFFETZ, Mr. COLLINS of Georgia, Mr. COTTON, Mr. GARRETT, Mr. GOSAR, Mr. GRAVES of Georgia, Mr. HENSARLING, Mr. JOHNSON of Ohio, Mr. MARCHANT, Mr. MULVANEY, Mr. RADEL, Mr. REED, Mr. RIBBLE, Mr. ROSS, Mr. SCALISE, Mr. AUSTIN SCOTT of Georgia, Mr. WESTMORELAND, Mr. WILSON of South Carolina, Mr. WOODALL, Mr. JORDAN, Mr. BARR, Mr. TERRY, Mr. FRANKS of Arizona, Mr. BISHOP of Utah, Mr. PITTENGER, Mr. YODER, and Mr. FORTENBERRY) introduced the following bill; which was referred to the Committee on the Budget, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL To amend the Congressional Budget Act of 1974 to provide for macroeconomic analysis of the impact of legislation.

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 "Pro-Growth Budgeting Act of 2013".

SEC. 2. MACROECONOMIC IMPACT ANALYSES.

(a) IN GENERAL.—Part A of title IV of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

"MACROECONOMIC IMPACT ANALYSIS OF MAJOR LEGISLATION

"SEC. 407. (a) CONGRESSIONAL BUDGET OFFICE.—The Congressional Budget Office shall, to the extent practicable, prepare for each major bill or resolution reported by any committee of the

House of Representatives or the Senate (except the Committee on Appropriations of each House), as a supplement to estimates prepared under section 402, a macroeconomic impact analysis of the budgetary effects of such bill or resolution for the ten fiscal-year period beginning with the first fiscal year for which an estimate was prepared under section 402 and each of the next three ten fiscal-year periods. The Director shall submit to such committee the macroeconomic impact analysis, together with the basis for the analysis. As a supplement to estimates prepared under section 402, all such information so submitted shall be included in the report accompanying such bill or resolution.

"(b) ECONOMIC IMPACT.—The analysis prepared under subsection (a) shall describe the potential economic impact of the applicable major bill or resolution on major economic variables, including real gross domestic product, business investment, the capital stock, employment, interest rates, and labor supply. The analysis shall also describe the potential fiscal effects of the bill or resolution, including any estimates of revenue increases or decreases resulting from changes in gross domestic product. To the extent practicable, the analysis should use a variety of economic models in order to reflect the full range of possible economic outcomes resulting from the bill or resolution. The analysis (or a technical appendix to the analysis) shall specify the economic and econometric models used, sources of data, relevant data transformations, and shall include such explanation as is necessary to make the models comprehensible to academic and public policy analysts.

"(c) DEFINITIONS.—As used in this section—

"(1) the term 'macroeconomic impact analysis' means—

"(A) an estimate of the changes in economic output, employment, interest rates, capital stock, and tax revenues expected to result from enactment of the proposal;

"(B) an estimate of revenue feedback expected to result from enactment of the proposal; and

"(C) a statement identifying the critical assumptions and the source of data underlying that estimate;

"(2) the term 'major bill or resolution' means any bill or resolution if the gross budgetary effects of such bill or resolution for any fiscal year in the period for which an estimate is prepared under section 402 is estimated to be greater than .25 percent of the current projected gross domestic product of the United States for any such fiscal year;

"(3) the term 'budgetary effect', when applied to a major bill or resolution, means the changes in revenues, outlays, deficits, and debt resulting from that measure; and

"(4) the term 'revenue feedback' means changes in revenue resulting from changes in economic growth as the result of the enactment of any major bill or resolution.".

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 406 the following new item:

"Sec. 407. Macroeconomic impact analysis of major legislation.".

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