UNITES STATES SENATE COMMITTEE ON
HOMELAND SECURITY
& GOVERNMENTAL AFFAIRS
Senator Tom Carper, *Chairman*

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HEARING: The Costs and Impacts of Crisis Budgeting

WASHINGTON – *Today, Homeland Security and Governmental Affairs Committee Chairman Tom Carper (D-Del.) convened the hearing, "The Costs and Impacts of Crisis Budgeting." Chairman Carper's opening statement, as prepared for delivery, follows:*

"I'd like to welcome our witnesses and guests to what I believe is a very timely hearing about some of the unintended but real consequences of the kind of budget debate we've been having here in Washington recently.

"Over the past few years, the federal government has had to operate through several debt ceiling crises, numerous and sometimes lengthy continuing resolutions, the threat of government shutdowns, the prospect of going over the fiscal cliff, and now, across-the-board budget cuts to most federal programs through sequestration. President Obama addressed this flawed approach to governing in a prominent passage in his most recent State of the Union address when he said 'the greatest nation on Earth cannot keep conducting its business by drifting from one manufactured crisis to the next.' The American people know this. It's not the way that they run their family budgets, or their businesses. This kind of crisis budgeting, as we all know, represents a bicameral and bipartisan failure of leadership.

"As we'll hear from our witnesses today, our failure in this area has likely made our government less effective and more costly for taxpayers. It has also degraded federal employee morale, created harmful ripple effects for state and local governments, and hindered efforts to help our nation's economy as it recovers from one of the worst economic recessions in our history. Some of our budget battles stem from fundamental disagreements over the role of government and how much money we should spend on it. However, today's hearing is not about how much we spend, but how we spend it. It's about the pricetag attached to our inability to come to timely agreements on spending, no matter what the eventual amounts are – an 'uncertainty tax,' if you will.

"I've stated repeatedly at hearings and elsewhere in recent months that, given the serious deficit and debt problems our country faces, we need to shine a light into every nook and cranny of the federal government and ask ourselves one question: How can we achieve better results for less money? Dr. Coburn and I and our colleagues tried to do that at the Financial Management Subcommittee and I've made it one of my top goals as chairman of this committee.

“Today’s hearing takes things a step farther, focusing not just on a particular program and its inefficiencies, but rather on a way of doing business in Washington that makes it impossible for the federal government as a whole to give taxpayers the results they demand in an effective and affordable manner. By failing to provide timely, predictable budgets we are generating waste throughout our government and exporting some of that waste to our state and local partners and everyone who relies on us.

“Dr. Phil Joyce from the University of Maryland, who is with us today, has written a report detailing the costs of this budget uncertainty. Based on his past research of government practices, as well as extensive interviews with current and former government officials, Dr. Joyce found that – in fact – this uncertainty doesn’t just deny us opportunities to get better results and save money, but actually gives those we serve and partner with worse results for more money. The findings are disturbing:

“For example, the Government Accountability Office found that because of a series of funding delays, the Bureau of Prisons was unable to lock in contracting prices for a new facility in West Virginia. This resulted in about $5.4 million dollars in additional costs. In another instance, because of a 2011 funding delay, the Navy cancelled seven ship-repair contracts. Deferring this maintenance is expected to increase costs and decrease operational effectiveness down the road. And in 2006, the Veterans Health Administration awarded 60 percent of its maintenance budget in the last month of the fiscal year. Compressing that much spending in that small amount of time creates an environment in which error, fraud, and just plain bad spending decisions are inevitable.

“And those examples do not include the countless hours of time wasted as managers and employees attempt to prepare for multiple possible outcomes, perhaps several times within a single fiscal year depending on what Congress might have in mind. Colleen Kelley, President of the National Treasury Employees Union, will discuss today some of these kinds of unseen costs.

“Our other witnesses, Scott Pattison of the National Association of State Budget Officers and Stan Soloway of the Professional Services Council, will detail some of the ripple effects that states and private businesses face as a result of the budget uncertainty we create. As a recovering Governor, I know that state budgeting is a zero sum game. It’s incredibly difficult to plan and budget effectively if you don’t know what is, or is not, coming your way from Washington. And as someone who’s focused recently, as most of my colleagues have, on how we can get our economy moving at a faster clip it’s clear from this work that the uncertainty our federal budget situation is creating is not helping businesses create jobs. In fact, it may be hurting them.

“As I’ve said before and I suspect you will hear me say again – I believe the best route we can take is to pass a comprehensive, bipartisan budget plan that gives government and business certainty and shows the American people that we can lead. Then we need to translate those plans into timely appropriations bills that will let agencies and their partners spend their time trying to get better results for the taxpayer dollar, not hastily putting together contingency plans. I hope today’s hearing strongly reinforces the President’s statement, puts a couple of exclamation marks after it and – just maybe – helps bring this irresponsible behavior to an end.”

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