

Sunwater Institute

Interview with Jonathan Bydlak

MATTHEW CHERVENAK: Jonathan, welcome.

JONATHAN BYDLAK: Thanks for having me, Matt. I appreciate it.

CHERVENAK: Why don't we start off with you introducing yourself, your background, and how you got to where you are today.

BYDLAK: I am the interim director of the Governance Program at the R Street Institute, which is a center right think tank that does a lot of work on free markets. We sometimes say low salience issues, I suppose, but high complexity issues. My personal focus is on budgetary work, so I'm also the Director of the Fiscal and Budget Policy Project at the R Street Institute, which is not always a low-saliency work. It is oftentimes very high saliency depending on the time of year, I suppose.

My background is in economics. I have a degree in economics from Princeton. I've always been more interested in questions of political economy, I guess you could say, along the fringes of economics. Questions of, How do you apply the economic way of thinking, perhaps, to other research questions that aren't just strictly finance.

And so, I'm very interested in the questions of governance broadly speaking, but also questions about how we budget at the federal level. I've always been very interested in the question of, Where does the government get all of the money that it has for all of these programs? How do we think about budgeting? Why do we have failures in budgeting in the public arena?

That's my background. I previously had started the Institute for Spending Reform, which did research and education on spending and economic issues. And now have been at R Street carrying the torch for my own work as well as leading the governance efforts of the department at R Street.

CHERVENAK: In terms of the broad range of your research, you mentioned budgeting. Is budgeting the main thing and are there different aspects of budgeting or other areas of research that you've been focused on?

BYDLAK: In my own work, I do a lot of stuff with respect to the federal budget. Some of that is rules-based and process changes. What is the best way that we could structure budgeting at the federal level? Setting aside, of course, whether or not some of those ideas might be politically feasible in the current political environment, but I think that there's a lot to be learned from the way that states handle their budgets the way that foreign countries handle their finances.

And then I'm also interested in these questions of transparency and accountability. I very much think that there is a disconnect between what people see happening in Washington, DC, and

who they hold responsible for those actions. I think there are a lot of people who look at Washington and they say, I don't like this that's happening, but I love my member of Congress. Or I love my president. Or whomever it may be. They don't necessarily make the connection that some of these people that you may be voting for may also be the ones who are leading to outcomes you don't like.

I think that in addition to the question of, How do we create a system whereby actors that are operating that system can perhaps go and do the right thing, so to speak, or be incentivized to do the right thing.

There's also just this broader question of outside accountability and how do we increase awareness with respect to issues that are inherently very complicated. Policy is very hard. Encouraging better governance is very difficult. Encouraging better budgetary outcomes is very hard.

I think there's also this broader question that I'm very interested in, which is, How do you start to incentivize these actors both by creating a better system but also by creating better outside accountability to hopefully take into account some of the budgetary implications into the actions that they're taking.

CHERVENAK: Why don't we start off with talking about the budget process itself. Obviously, it's undergone changes over the last decades with a few major inflection points. In terms of your perspective on how the budget works today or doesn't work, if you will, can you outline that generally speaking. And then maybe we can get into a little bit of what's the philosophy behind that process or what it should be.

BYDLAK: Let me talk about how the process should work and then we can talk about how it does work. Essentially you can think of government spending in two buckets—what are typically called mandatory spending, or entitlement spending, and then discretionary spending, which is everything else.

In a sense, a good portion of the federal budget is reviewed every year by members of Congress. The president typically presents a budget, Congress creates its own budget—sometimes one version in the House, one version in the Senate—and then that governs all of the non-entitlement programs. For a second, we're setting aside things like Social Security and Medicare and some of these programs.

Congress is supposed to review that every year. And then we have a two-step process whereby spending is first authorized and then it's appropriated. And you can just think of that as the first step is saying it's ok to spend on this, and then the second step is saying, ok, this is how much we're actually going to spend.

That's the discretionary portion of the budget.

Beyond that, we have these other programs, which we're all familiar with—again, Social Security and Medicare being the two biggest examples—where that spending is not reviewed. Essentially prior laws dictated benefits that would be paid out by these programs, and it's essentially a formula. It's based on how many people we have who are above 65, typically, or above 62. And how many are eligible for Medicare and for Social Security. And those benefits are just paid out. They're not reviewed in any way by Congress on an ongoing basis.

Historically, the automatic portion of the budget, if you will, was actually very small. Most of the federal budget was reviewed by lawmakers on an annual basis. Over time, that has changed whereby Social Security and Medicare in particular have grown such that they now comprise about two-thirds of the entire federal budget. And so, an increasingly small portion of the budget is being reviewed on a regular basis.

And the biggest portion of that segment of the portion is defense spending, which we're all familiar with.

There have been, I think, a number of ways in which the budget process has broken down. One is that a lot of spending just isn't being looked at anymore. We're not really taking a holistic picture of the budget if Congress is really only reviewing about a third of it every year.

And then with respect that they should be reviewing, there's been a number of breakdowns. I mentioned earlier this two-step process with respect to authorizations and appropriations. One of the things that is supposed to happen is that those appropriations bills—typically about eleven of them although that has varied through time—are supposed to be, again, reviewed and voted on by Congress.

The problem is that they oftentimes set that aside. And then they just end up bundling all of those bills together into one package—what's typically called an omnibus bill—and they just vote up or down. And essentially your choice if you're a legislator is to say, I either approve of all of this spending, or I want to shut the government down.

That choice basically makes it very difficult to examine expenditures at the federal level with a discerning eye.

And so, the budget process in general over time has just broken down. In fact, we haven't followed that appropriations process that I mentioned the way it's supposed to be since, I believe, 1994. So, it's been now over a quarter of a century.

What's happened is we've created an accountability problem over time and that has manifested itself in some of these ways. Another great example of a problem that we have is that typically Congress would authorize spending for a set period of time with the idea that they would then have to reauthorize that spending. They would review it from time to time.

Well an increasing portion of the discretionary budget isn't even reviewed. In fact, appropriators will just tend to continue to appropriate funding for programs where their

authorization has run out in. So, now I think it's about twenty- to twenty-five percent of the discretionary budget isn't even being authorized or reviewed by authorizers. You have famous examples—you know, the Federal Election Commission or the State Department being great examples—where, I believe the FEC hasn't actually been reauthorized since before I was born. So, maybe that tells you something about my age, but—.

So, you have all these different ways in which the process has broken down and there isn't really adequate oversight. That's not to say, of course, that the budget process has to work this way. There are things that we could do to improve that process, but to the degree that these are the rules and that this is the framework that has been laid out going back to 1974 when this process was outlined, we're just not following it.

And we've had a breakdown, and so these are interesting research questions, I think, for people like myself to ask, Why has this breakdown occurred? What should the optimal structure look like? What are the steps that we could take that are politically feasible that could improve the budgetary process? And hopefully try to rectify some of these issues that we've been dealing with.

CHERVENAK: You've outlined the process—how it's theoretically supposed to work now and how it's broken down—how did it work prior to the '70s in the US? What was the evolution of that process from the beginning? If you have any of that historical context, What have you learned from that?

The other follow-up question to that is, you mentioned earlier the international side of things, How do other countries do it and how are they either more or less successful than the US?

BYDLAK: Historically, that process tended to be a lot less centralized. A lot more of the power lay with the heads of committees and subcommittees to figure out their budgets in their respective jurisdictions.

Over time, that became more centralized, and there's an open debate about whether or not the 1974 Budget Act—which is seen as the foundation for the current budgeting process—created something new or just codified trends that had already been occurring before. There's an open debate on that topic. But over time that process has been centralized.

Your viewers might think to themselves, Well, 1974 that's interesting time. There was obviously something well-known that was going on at that time, which is the Watergate scandal. And so, one of the ways in which the '74 Budget Act changed the process significantly is that theoretically it stripped the president of a lot of power that had existed before.

The president had, most notably, the power of impoundment, which basically said that he or she could take funds that Congress had appropriated and decide not to spend them on that purpose. It was argued that the Nixon administration abused that power specifically by using the impoundment power to try to scuttle the creation of a new department, the Environmental Protection Agency. And that went up to the Supreme Court, and the Supreme Court ruled that,

yes, the power had been abused. And Nixon—in a sense and in an attempt to distract or perhaps curry favor with Congress with this sort of potential impeachment hearings that seemed beyond the horizon prior to his resignation—signed into law an act that gave a lot more power, at least theoretically, to Congress.

As we know, rules only get you so far. People learn how to circumvent those rules and just generally not abide by them and over time, again, we've seen a breakdown in a process that may have been good at the time.

I was involved in some research that looked at what role did the 1974 Budget Act play in spending and fiscal outcomes in the United States. And what you find is that compared to other countries, there is actually some evidence that, in the short-term anyway in the late-70s, we had more responsible fiscal outcomes. You can debate, of course, whether or not that was due to the '74 Budget Act specifically, but there are modeling techniques that allow you to analyze that question with a certain amount of rigor and there is some evidence that it did have the desired effect.

The problem is that over time, you see, again, the breakdowns that we've already talked about but also things like currying favor to states where you insure that grants get distributed to states that might be politically connected based on who happens to be in power. There are different ways in which the process has been politicized, I guess, and been taken advantage of.

To answer your question about how other countries handle things. One of the debates that we often have in this country is over the debt limit and whether we should raise the debt ceiling. I think we're all familiar with these debates. An interesting fact that I don't think many people realize is that the United States is one of only two countries that has a debt ceiling process. The other is Denmark, which implemented their debt limit in the 1990s. I believe they've only raised it once. But no other country in the world attempts to manage their debt and their expenditures based on this type of rule.

And the history to that limit is quite fascinating. In the United States, it was implemented in World War I, because prior to about 1917, Congress had to approve every single debt issuance that Treasury wanted to issue. And you can imagine that in a time of war, that got very cumbersome. Treasury was constantly having to go to Congress and say, well, we want to issue more bonds for this war. Finally, Congress said, well, here's what we're going to do. We're going to create a level whereby you can issue bonds up to this point and then if you want to go above that, you have to come back to us for approval.

In a sense, the debt limit was actually meant as a tool to enable more debt, not to serve as a restraint on debt, which is how I think many people think about the debt limit today. Over time, that process is, of course—. You know, the debt limit is constantly raised. In part, because it's kind of a bad way of managing your debt. It's basically saying we've already spent this money, but now are we going to pay or are we not going to pay. And you, of course, wouldn't do that

with your own household finances. You don't sort of look highly upon people who say, well, I'm going to put all of these charges on my credit card but then decide not to pay it after the fact.

What most countries do, in brief, is they either have some constitutional or statutory requirement that says we are going to restrain expenditures, oftentimes as part of a formula. They'll have some sort of fiscal rule that looks at past expenditures, looks at their expected tax revenues, usually over a decent window of time, a three- to five-year window. And they'll have some sort of formula that says this is what we're allowed to spend. But there's no restraint on finance ministers to be able to go and borrow, if necessary, to deal with shocks to the system, for example. The restraint comes on the expenditure and the revenue side. And so, it's much more upfront. It's preventing you from having those expenditures occur in the first place rather than trying to stop them on the back end.

I should say that while I'm certainly not fan of the debt limit as a restraint on government, you know, it has served a purpose in the United States in that many of the situations where we've had new rules or some level of restraint has typically come out of debt limit brinksmanship or debt limit fights. So, if you look at the Budget Control Act of 2011, that came out of a debt limit fight. If you go back to the early '90—1990, 1993—or go back to Graham-Rudman-Hollings in '85. All of these things tended to come out debt limit fights.

And so, it has served a purpose in terms of focusing people's attention on fiscal questions.

CHERVENAK: What about the authorizations and appropriations duality? Does that exist in the US deep history or in other countries? Or is that something that is unique to the current Congresses.

BYDLAK: Yes, so that's one of those things that sort of did exist in the United States in this decentralized way, but again got codified in 1974. I'm not the degree to which that two-step budgeting process exists in other countries. I'm not aware of any other places that necessarily do it that way. There have been proposals to combine authorizations and appropriations. Again, there's no reason why it has to be done that way.

I think the original reason for it was to create more accountability. To separate those two steps and allow power to be distributed in a way where multiple segments of Congress could have oversight. The way it's played out in practice over time, and certainly today, that hasn't really been the case. And I mentioned the problem of unauthorized appropriations being the best example of that where we just kind of ignore the authorizers overall.

Getting a change to that system is very difficult because, of course, appropriators know that they have that power, and so giving up that power would be very tough. There have also been proposals recently to allow authorizations, or even appropriations, to take place over multiple years, which has plusses and minuses to it, which we can certainly talk about.

I think that the problems we see with that two-step process isn't really driven by the existence of the two steps per se. It's sort of a system of these broader issues that we've been discussing.

CHERVENAK: In terms of the formulaic approach that you mentioned that's pursued by other countries - obviously the US employs a little bit of that, I think, with some kinds of cost of living adjustments or whatever and some of the entitlement programs. When you're thinking about a framework to look at the budget—obviously you can look at it in the ways you've mentioned previously—but there are a lot of other ways you could frame a view of the budget. You could say, oh, well, we're willing to spend X as a country - X percent of the budget on productivity-enhancing investments and we're willing to spend Y on police and we're willing to spend a Z percent on redistribution, for instance.

And you could frame the budget in all kind of different ways, and it seems that we have chosen a particular way. Can you talk a little bit more about that and whether other countries—or even in the past US history, whether they framed the budget in a different way—used a different approach to frame the budget process?

BYDLAK: Sure. First, we should clarify what we mean when we talk about the budget process. Because there's a conception that the budget itself is the most important step. But the budget is really just a blueprint. And in the United States, there's no force of law to a budget, so Congress could decide—. The budget committees could come out and they could say, we propose a budget of zero dollars next year. Or they could say, we propose a budget of a hundred trillion dollars. And Congress could even vote on that, and they could approve that budget.

And it really doesn't mean anything because at the end of the day, it really comes down to how much expenditures are being authorized and ultimately being appropriated.

And so, Congress can put out that budget, and that's why budgets have largely become messaging documents where you'll have presidents put out their budgets, which highlight what is the priority for them, but then ultimately quickly being dismissed by, even, members of their own party in Congress when it comes to look at those budgets.

What you're really asking is, How do we better manage the finances? And it's possible that having a better budget would be a part of that, but—at least in how we currently structure our system—isn't really that relevant.

The gold standard in the international sense is the Swiss debt brake. The Swiss have, essentially, a constitutional requirement that restrains what they are able to spend along the lines of what I described earlier, which is they basically look at, What are our expected revenues? And what do we think is a reasonable level of expenditures? And they have a formula, and they're not allowed to go beyond that.

And I think it's important to note that there is a certain amount of flexibility that is built in. It's not like this is hard and fast. Right? I mean, there may be a pandemic, for example. Or some other shocks to the system that need to be dealt with. And there is a level of flexibility. But

while you're able to spend more to deal with that, it does also create an automatic way to restrain expenditures in the future.

And there have been proposals in the United States to do something like this. Obviously talking about a constitutional amendment is very difficult. The most recent example that's current is Congressman Justin Amash of Michigan has proposed what he's called his Business Cycle Balance Budget Amendment, which would basically do something very similar to the Swiss debt brake and would allow flexibility for Congress to decide to spend more at certain points in time, or at certain parts of the business cycle.

There are other countries—Sweden, for example, has a similar type of fiscal rule. Theirs is done statutorily, so it's a slightly different model although the history of their fiscal rule is actually quite interesting. They basically created this fiscal rule in the 1990s because they were facing an entitlement crisis. Unlike their neighbors Norway who sit on very large oil reserves, Sweden doesn't necessarily have that benefit, and so while they had perhaps equally generous entitlement programs, they got to a point where they weren't able to pay for it anymore. And they had to impose some level of restraint and they did that via a statutory fiscal rule, which has served them well. There have been recent attempts to roll that back, but that has been how they have handled it.

And then if you look at the state level within the United States, we have all sorts of different rules. Forty-eight out of fifty have a balanced budget requirement. Budgets at the state level are typically binding, unlike at the federal level, although there are many ways in which governors and state legislatures are able to get around those requirements by not including certain bonds or things like this.

Again, the way that it's implemented at the state level varies wildly. The most stringent, and I think for fiscal conservatives what's seen as the best example, is Colorado, which has what's called the Taxpayer Bill of Rights. And it essentially operates very similarly to the Swiss debt brake at the state level. And what's interesting about the Taxpayer Bill of Rights is that in instances where the state runs a surplus because of either economic reasons or otherwise having just more responsible finances, they actually refund money to the population. And so, it creates an incentive whereby residents of Colorado benefit from being more fiscally prudent.

Of course, that would be very difficult to implement at the federal level, but it creates an entirely different incentive structure. People don't necessarily think of Colorado when you think of most fiscally conservative states, but without a doubt, Colorado would rank up there, and in large part because of TABOR. And while there have been times when the Taxpayer Bill of Rights has been paused if you will, it has remained popular and attempts to get rid of it have failed.

So, those are some examples of ways in which states and other countries have handled these issues.

CHERVENAK: In that case, it seems like they're connecting the appropriations, ultimately, to the revenues. There's some kind of balance there. Whereas it seems that, at least in the Congress situation, these two issues are totally divorced from each other. Can you explain a little bit of that? Obviously, one of the reasons is because the US can borrow at extremely low rates. And we've done some work, even at the Sunwater Institute, looking at that problem. There is a logic to Congress borrowing as much as possible in order to satisfy its current voter base. There is a logic to that since future voters aren't voting right now; they'll be voting later when the bill is due.

And I'm curious about the way that you view the debt and the revenue connection, and how is that linked in the US Congress, or how should it be linked?

BYDLAK: There are a number of things to say here. One is that—obviously, as you point out—the states don't have the ability to borrow, essentially, to an unlimited degree. If a state like Illinois decides to have an incredibly, fiscally and prudent budget, that harms their ability to borrow in the bond markets. And so, that creates a market-based restraint at the state level. And obviously, different states can choose to pay those costs or sort of get away with it, if you will, to the degree that they want to, but the federal government doesn't have that problem.

We can obviously talk about things like the dollar being reserve currency and effectively the existence of the printing press, and what that means. It removes this sense of what might otherwise be seen as a natural restraint on the federal budget.

I think that's one of the biggest differences that exist.

And then I think there's this broader—. Again, you get at an accountability problem that exists at the federal level because of that. Members of Congress know that it's in their interests to sort of promise something to everyone. Whether or not it is a good idea. And so, it becomes very difficult to break that cycle. And then you end up with, of course, programs that are perhaps continuing to exist beyond the point of their usefulness.

And so, it's very easy to add a government program by comparison to getting rid of a government program, as Milton Friedman famously talked about.

And again, without their being this sort of cost—. That's a big challenge at the federal level. How do you incentivize lawmakers to think about these costs? Because they don't necessarily exist at the current moment.

The other thing that exists even more so at the federal level as a result of this lack of market restraint, is that we oftentimes talk about the national debt, but the debt is just what the government has accrued up to this point. When you look at the financial reports of corporations, for example, you don't just look at what they've accrued now, you look at what they're on the hook for.

Well, a lot of these programs—particularly the ones that are on quote “autopilot”—have huge projected deficits long out into the future. And so, these liabilities massively dwarf the existing US debt. That is a huge problem as well. You’re not just talking about the twenty or twenty-five—I don’t even remember what it is, twenty-six trillion, I think—national debt at this point; you also have all of these deficits you expect to accrue in the future that lawmakers are also not incorporating into their calculus.

And the other point I’ll make is that I think that people who are concerned about these issues—fiscal conservatives, in particular—often do a disservice by talking just about the debt. So, one of the reasons why I think people don’t think about the national debt, or to the degree that they should, is because they see it as a problem down the road. We hear this line from politicians all the time that we have to worry about our children and grandchildren. They’re going to be the ones to pay for this.

And that is all true, but it also separates the problem and basically says that, well, it’s an issue down the road, and it’s not an issue today.

I do think when you talk about the national debt, there is a lot to be learned from the way we talk about climate change, for example. I think a lot of people recognize that climate change has the potential to be an existential threat down the road, and if you want to mitigate that potential threat, you have to take actions now. And I think of the debt, in many ways, very similarly to these climate issues.

But the other thing I’ll say is that I think that people also ignore, or at least downplay, the role that increased public expenditures play in the short run as well. Yes, we borrow, but to the degree that tax revenue has to pay for these programs, you’re arguably potentially taking more money out of the economy today and putting it into programs that may or may not be more effective.

There are certainly things that government has to do that only they can do. National defense, for example. But there are also a lot of other things that government may not need to do. And we can have those debates, but as part of those debates, one of the things that we don’t necessarily discuss is what that cost looks like. And it’s not just the sticker price of those programs. It’s also, How does it impact private sector actors? What are the burdens—regulatory or fiscal—that are imposed on private sector actors? And on the economy as a whole?

And so, there is very much a cost. It’s not necessarily seen as clearly. We don’t necessarily think about a potentially lower growth rate, for example, as being driven by government spending. And so we don’t necessarily—American voters and citizens don’t necessarily think about it in those terms—but there is a very real cost, it’s oftentimes harder to quantify, that exists in the short term that also is there that we probably need to talk about a little bit more.

CHERVENAK: I think that's a big topic for discussion. Evaluating the goals of programs and whether they meet those goals and how much it costs to achieve those goals and whether the goals are realistic. There's lots of discussion that we can have about those things. And mechanisms to enforce that kind of rigor.

We've talked about sunset provisions in the past as an automatic mechanism to try to assess the success or failure or the return that programs are supposed to provide. And actually measuring that in reality.

What about in the budget process generally speaking? You've dedicated a lot of time and energy to thinking about authorizations, appropriations, budget process. Do you have ideas or models that you think that we could learn from to improve Congress's process? To improve the likelihood of success and responsible kinds of action by Congress?

BYDLAK: There are a lot of things to say. Some of the solutions are budget specific. There is a bipartisan budget reform package that was advanced out of the budget committee in the Senate where Senator Enzi and Senator Whitehouse both agreed to a number of reforms, most of which I think would be positive. So, there are changes that could be made to the budgeting process.

I also think that it's important to think about these issues in the broader context of how Congress operates as a whole. Especially vis-à-vis the executive and the other branches. We have a balance of power system for a reason. And one of the things that the Governance Department at R Street talks a lot about and does a lot of work on is creating better governance and helping Congress, in a sense, to pushback a little bit against what has been a general trend toward increasing executive power at the expense of the legislature.

And so, the Constitution vests the power of the purse with Congress, but oftentimes spending decisions are being made—a portion of decisions, for example—are being made by the Office of Management and Budget. Or these micro-spending decisions are ultimately being made by relatively unaccountable or less accountable executive agencies. Rather than within the legislatures.

I think it's important from the rules standpoint to not just think about the budgeting process in a vacuum, but to also think about it in this broader context of how Congress interacts with the presidency. Over time, we have seen the executive gain more power—sometimes because the executive has taken that power, and sometimes because Congress has let the executive take that power.

That's for a number of reasons, and it may even have been legitimate reasons at various points in time, but the challenge that we have is that once that power is gone, it's very difficult to reclaim it. I think that it's important to think about these broader governance questions.

And part of the solution, by the way, is—I think, and one of things that R Street has done a lot of work on—is just increasing congressional capacity. Over time, Congress's ability to deal with

these issues has declined. And they don't have the capacity to be able to do the things that they need to be doing. As a result, it makes it very easy to say, well, we should just go and keep that power with the executive even if that's not how the system was originally designed. And even if that's not what's best for good governance and for the American people.

I would answer that question by saying there are specific budgeting things, but there's also this broader context. And there needs to be a little bit of reframing, and, I think, a broader understanding of these balance of power considerations that we're dealing with.

CHERVENAK: In terms of Congress itself and the capacity concept, there we need another framework. How much are you going to spend on Congress itself in order to exercise its legislative and oversight functions? And, as we all know, Congress's budget for itself has not grown with the amount of money that it has spent on things that the executive branch controls.

And so, maybe you know the exact number, but it's less than one percent, maybe .02 percent or something, of the US budget is spent on Congress itself. I often make the joke that if I were investing in something, how much money would I then invest to watch that investment? I might invest one percent. If you look at the financial services industry, you have a management fee you're paying of typically two percent of assets, maybe less, depending on how active the manager is. You know this industry.

When we talk about Congress's capacity to do these things, and its ability to really dig into the details, What should Congress's budget be for itself? And should that be formulaically applied to the total amount that Congress is spending on the US government generally?

I don't know if you've given that any thought or whether you have some benchmarks from other countries or some insights there.

BYDLAK: I don't know that I have a specific dollar amount per se. so much is to say that I am in the camp that thinks that Congress should get whatever funding is necessary to be able to carry out the duties that it has to carry out under the Constitution. And what's very clear is that we're not anywhere close to that right now.

To your point, it's very easy to say, well, we should pay Congress less. Or pay staff less. But in the context of the entire federal budget, we're talking about pennies on the dollar. Not even pennies on the dollar. For example, I think we could spend more on even special inspector's general—and that's not even in Congress, that would be in the executive branch—I would be in favor of that because I think that the evidence is that the dollars that you would save from that investment would be wise.

I think there are all of these examples—not just with respect to Congress but even in government writ large—where it may make sense to spend more because in the long run you will end up getting better outcomes. As I said, I think paying staff better makes a lot of sense. We want to encourage people who have expertise to actually go and remain on the job and be vigilant.

One of my pet peeves is you'll hear of offices sometimes saying that they returned money to the treasury from their office budget, and they're saving the taxpayer money. Well, that may be true, but it may not be true if they're ultimately less effective at being vigilant with respect to these issues. If their ability to impact the overall federal budgetary picture is less a result of that, then that might not be a wise investment.

I think what you're pointing to is—. The real question here is that the framework should essentially be some sort of attempt at a cost-benefit analysis. And whether you conceive of it that way, it may not be the best way, but at the end of the day, it's really a question of what are we spending and what are we getting in return.

I think the argument is that when we spend on Congress, we get better outcomes because Congress is able to function better. And specifically, it's able to function better vis-à-vis the executive, which has grown dramatically in power, and Congress in a sense has not kept up or has arguably lost power in many ways.

That I think is the big challenge. My view is that generally speaking, the more competition you have between the branches, the better fiscal outcomes you're likely to get. The better governmental outcomes you're likely to get. And that's, of course, the whole foundation of our separation of powers system—the founders believed that you wanted to have branches that were adversarial and checking each other in different ways.

I think there are a lot of people who—. We talk a lot about polarization, for example, in the current political climate. Well, partisanship is just one way in which people can organize to oppose one another's interests. Again, within the context of the government, there's also this inter-branch rivalry that I think should exist that doesn't necessarily. And I think that we would be wise to incentivize legislators to think of themselves in that way.

And I think some do and oftentimes you can move the ball forward on certain legislative priorities when people start to think about that. Think about reasserting their—.

CHERVENAK: They need a common enemy, right? Instead of each other. I think that's an effective way to create cohesion. As a last question on your research unless you have something specific you want to talk on is the accountability piece you've mentioned before.

You've tried to do that, I know, through your website, which is quite interesting. But it's tough to first of all create that accountability and second of all communicate it to the ultimate deciders, the voters. And what it means for them.

I'm curious of your thoughts on that moving forward. How can we create this better accountability—either to committees or to individuals—to the voting public and get the public interested in paying attention to that?

BYDLAK: I mentioned at the outset that there is oftentimes a lack of transparency or a lack of a connection between outcomes and who is responsible for those outcomes. The tool that I've

built—SpendingTracker.org—essentially does the math. And it takes official governmental estimates from the Congressional Budget Office, and it just cross-references them with the voting records of members of Congress. And says, who is voting for what.

And there's all sorts of cool things you can do. You can go in and look at just bills that were passed into law versus all votes that were taken. Or maybe you just want to look at certain types of spending, like defense or education or what-have-you. So, there's all sorts of different ways you can play with the data and get more interesting outcomes.

And that alone is important because to be able to hold people accountable, you have to have that information available in the first place. And for a long time, it wasn't available. If you think about outside advocacy groups, there's maybe that half-dozen or dozen pieces of legislation that everyone gets worked up about and we think about when they come up. But there's all sorts of other legislation that's being passed and enacted and voted on that may be spending less but still having an impact.

The late Senator Tom Coburn used to say, How do you get to this level of debt? Well, you get it by essentially, you know, the death of a thousand cuts. It's adding up all of these little things over time. And the beauty of Spending Tracker is that it incorporates those smaller impacts as well and gives you a total picture in a way that's more objective. Because it's not me saying these things are important, it's the Congressional Budget Office saying this is the best estimate we've got, and now let's just do the math.

That is the important thing. You're right that it's very difficult to get accountability, but I think it starts there. The other thing I will say is that it's not just about better information for the general public. It's also about better information for members of Congress and their staff and the people who are making these decisions.

When I first conceived of that tool, it never really occurred to me how valuable it might be for members of Congress. This might even sound silly, but even something as basic as just taking CBO's estimates and plotting them in the form of a chart so you can see what those fiscal implications look like over time is hugely valuable in terms of being able to understand what the outcomes are and what the impact of your votes are.

And so, with respect to that tool, a lot of my focus has shifted or expanded to thinking about ways that we can provide better information to legislators as well to inform their decisions. One of the things that we're working on now—in addition to thinking about the broader debt picture and incorporating some of the revenue estimates in addition to spending estimates—is making the tool more prospective.

So, saying here's the congressional calendar. These are the votes that are coming up. This is what the impact would be on the federal budget. So that you have that information ahead of time. Because the reality is, most offices just aren't—or charitably—don't have the time to read through and pore over official government estimates before they're taking those votes.

CHERVENAK: There's so much that can be done there. To give each office or each committee a set of tools or technologies to really assess the impact of legislation on the budget—on individual people, different districts, different states—it's really shocking that it doesn't exist today. Your average business has much better tools to make decisions than Congress does, and that's tragic.

As a result, they have to rely on external parties—lobbyists or groups—to provide that information, which comes at a cost, it's not unbiased. And so, that goes back to your issue about capacity. That's the key.

BYDLAK: And it's very important to—as government has grown—. When government does so many things, it's very difficult to be an expert on—. You know, how could one person possibly be an expert on defense policy but also agriculture but also education. As a result, what it does is because you may not be an expert in all of these areas, you essentially rely on heuristics.

So, you really on leadership, for example, telling you to vote this way. Or other sort of things that may not be, again, what you even agree with, but you just kind of do it because that's the way things have always been done.

And, you're right, the private sector has much better information. And until relatively recently, there hasn't been a whole lot of good data with respect to what government is doing. And there have been a lot of people in this fight that have done a lot of great work, from things like making every CRS report—every Congressional Research Service report—public. To the passing of the Data Act and creating better access. To data. To API access. To votes. That didn't exist prior to about 2009. So, there's all this kind of stuff.

And Spending Tracker, of course, fits into this broader movement. And I think that the future of increasing governmental efficiency and outside advocacy, in my view, lies a lot with increasing access to data and increasing transparency. And [I don't say] transparency is good in every context, but I think our bias should definitely be in that direction.

CHERVENAK: Let's move on to some of our other questions that I ask all of our guests so that I can put them all together and see whether congressional scholars all agree, Which will be an interesting exercise.

I'm going to move on to my round of questions here. The first one is, What do you think congressional representation should mean?

BYDLAK: I think that gets to this question that has been debated since the founders, or the framers, about should you be a delegate to do what you think is right or should you be representing the will of the people. And I think that to some degree there's some balance there. And I think the way to think about this question—.

There are a couple of ways to answer it. One is just with respect to individual members. And I think it's very tough to answer should someone be more of a representative of the will of the people or are they being elected to vote their conscience and do what they think is right.

In the context of all of Congress, it's good to have people who take different approaches. Over time, that's just another way that you get different perspectives in the legislative process.

It's a very tough question to answer. I think there are arguments on different wings.

Getting back to what we just talked about, about the difficulty of being an expert in all of these areas, I guess where I come down generally—to the degree that someone may have a unique sense, a unique knowledge set in a particular area—then it's perhaps [inaudible] more based on that knowledge that they have.

And in areas where they may not have that knowledge, then defaulting perhaps to what they think is best for their constituents, or their constituents may want, may be the better approach. So, I think it depends somewhat on the legislator and what they bring to the table. And then also it's good to have a mix of people on that spectrum in Congress as a whole.

CHERVENAK: If I can pin you down a little bit more since you've hedged in a few different directions there. The beliefs versus interests—what's your personal point of view on that respect as it comes to representation?

BYDLAK: If I were a member of Congress, I would vote based on my beliefs. And I think that it's—

CHERVENAK: I don't mean your personal beliefs. I mean the beliefs of your constituents. Do you vote on your constituents' beliefs or your constituents' interests?

BYDLAK: Again, it's a tough question. If I were in Congress, I would like to think that I'd be elected because I'd be a good representative of both of those—the interests and the beliefs of the people that I'm representing. I think most of the time there isn't necessarily a disconnect between there.

I do think where the disconnect comes up is when the interests of the district are not necessarily in the interest of the entire country. Oftentimes we have a lot of parochialism where members vote based on their particular interests but not necessarily what is best for everywhere in the country. And of course, those outcomes have impacts everywhere in the country.

Maybe I'm still hedging a bit. But I think it's very difficult—. Again, I will say that, generally speaking, I don't have a problem with members voting based on the interests of their constituents because the foundation of our system is that—. It's sort of like a courtroom where you have the prosecutor and you have the defense attorney arguing for their side's interest and the hope is that the outcome that you're going to get is going to be better because of each side being assertive for their interests.

While I am certainly sympathetic to people needing to take the broader interest of the country at hand, I'm perhaps less concerned as some might be about people voting based on the interests of just their constituents. Because I think that, overall, the faith that I have in the system is that we will sort that out in the context of the broader system.

CHERVENAK: Next one is, How would your ideal Congress allocate its time?

BYDLAK: I think the obvious answer is more on policy. Over time, it's been very difficult for members of Congress to focus on policy. Part of that is, because as we've said, Congress and the government just does a lot more. Part of it is because of trends we talked about earlier—increasing centralization in leadership. Now we have a system whereby fewer people really have an impact. We rely on the speaker of the House or the majority leader and minority leader and they set the agenda and it becomes a lot more difficult for the rank and file members to have the level of impact that they want.

And their job tends to be—and as you know we've heard famous examples of just spending all of their time fundraising at the expense of policy and constituent service. So, in the ideal world, I think it's some balance between those two. Between being focused on policy, getting a better understanding of issues that you may not know about, persuading your fellow members, and hopefully having more time to interact with your fellow members so that you build deeper relations and more respect for alternative points of view. And then, of course, not letting constituent service, which is obviously very important, be overlooked.

But I think that, unfortunately, we probably have a situation where many members of Congress now spend a majority of their time on fundraising or in front of the TV camera promoting their own personal power. And I think part of the reason you see that, again, is because more traditional means of having an impact over the policy process don't exist and so they just go to the court of public opinion and take advantage of media outlets.

And it's oftentimes at the expense of more nuanced, deeper policy understanding. And that's where I would like to see that pendulum move more toward.

CHERVENAK: What percentage of time would you have them doing legislation versus constituent service? Can you put a number on it?

BYDLAK: I'd probably say something like forty percent for each of those and maybe twenty percent on fundraising would be what my gut would be. I think that right now we're probably in a situation where at least fifty percent, for many of the members, is spent on fundraising. And then when you add on, again, press on top of that for many members, it's even more.

And I think that policy is largely left to staff. Which is fine. Obviously, to some degree you need to have specialization, but I think that it should never be a substitute for a level of understanding for members. And I think an attempt to gain expertise across the wide range of issues that they need to have expertise over.

CHERVENAK: Next one is, How should debate, deliberation, or dialogue occur or be structured in Congress?

BYDLAK: As I said earlier, that's one of those areas where I don't know that it necessarily needs to be as different from how things are now. I think there are many people who are very concerned about polarization. And I share those to a point, but I also think that it's important that members are assertive.

And I don't think that there should be this sort of, you know, that we should think of Congress as just this kind of kumbaya institution where everyone is going to come together and have a good time with each other. It's never been that way, and I don't think it ever will be. But I do think that it's important that, again, members think about alternative ways of banding together beyond just this partisan way that seems to have taken primacy in the current political context.

And that's where, again, looking at things like unifying people around power of the purse issues or legislative capacity issues is a very useful framework. And there are ways like that that we should think about it. And members of staff should work to structure their alliances and realize that it's not just Republicans versus Democrats. There are many areas where there's a lot of agreement.

And I am the first to always say that when I talk to family members or friends, I think there's this perception that people who are engaged in the policy process or in the think tank world have huge ideological disagreements. And that may be true in certain areas—tax policy or healthcare or what have you—but even in those areas, there's far more agreement than we think. And that exists even with respect to members of Congress.

So, I think it's important to be collegial and to develop those relationships. But we also, as outside observers, shouldn't expect that members are going to go and be best buddies with one another. Nor should we want that to be the case. I think we should want a certain level of adversariness between members and between branches of the government. And I think that that will ultimately lead to the best outcomes.

CHERVENAK: What fundamental institutional improvement should Congress make within fifty years?

BYDLAK: Budget process reform is certainly one. I think there are a lot of ways, which we've addressed already, but I think that focusing on fixing the budget process is very important. And there, again, are a lot of ways that that could be done.

Obviously, I'm biased with respect to that issue. I think also thinking about how to improve governance writ large is important. And so, again, maybe this is a little redundant to what we've already talked about, but congressional capacity is an important one.

I also think that we haven't talked too much about the regulatory front with respect to governance issues. But right now, a lot of regulatory issues are also delegated to executive agencies. And I think that that's troubling.

There have been attempts to have there be more regular congressional review of regulation. And the argument that's often made against that is that Congress, again, doesn't have the ability to do that. They don't even have the ability to do the things that they are already trying to do.

Thinking about things not just from a fiscal standpoint but also from a regulatory standpoint would be important. And I think that increasing congressional capacity is an important part of that.

And there are a whole host of other things that we could talk about. I think about things like war power declarations, for example, which have also largely been ceded to the executive branch. That Congress arguably could be more involved in and should be more involved in.

Things like that, I think, should be reformed in a way that, again, just doesn't go and give power to the president, but reserves that power—as in many cases, as it constitutionally already should be—to the legislature.

Reforms that push us in that direction, I think, are all very necessary.

CHERVENAK: What book or article most shaped your thinking with respect to congressional reform.

BYDLAK: Oh man. That is a good question. There are a lot. We could probably do a whole other event on this.

At a core level, I'm always a big fan of Anthony Downs. His economic theory of democracy and thinking about actors within a system. And Milton Friedman has riffed on this, too. There's the famous quote about it's not just about electing new people or better people but about incentivizing the wrong people to do the right things. And I find that quote to be very persuasive.

And I think that there's a long, rich tradition of thinking about the governmental decision-making process in a more structured way rather than just focusing on the individual actors and their individual motivations.

And there's a lot of game theory research. H. Peyton Young, an economist who used to be at Johns Hopkins, has done a lot of work on how various social norms—sometimes inefficient social norms—can end up being locked in inefficiently. I think that has a lot of relevance to Congress.

I think there's a lot of work from the more libertarian space. I think about James Buchanan or F.A. Hayek. Or Gordon Tullock and the work on public choice. I think that's very much shaped my worldview on these issues.

Even in the electoral space, I think there's a lot of great work. There's a great book. I think it's called *Making Votes Count*. It basically talks about the rules in the electoral context—I can't remember the name of the political scientist now [Gary W. Cox].

But the general theme—that things that have impacted me the most—is thinking about the system writ large and how the rules have an impact. And, to be clear, the limitations of reforms to those rules so that we're not just thinking that if we just had this perfect fiscal rule or we just had this perfect rule that governs this specific thing that Congress or the government does and thinking that that's going to solve our problem. There is this broader question about incentivizing the people who are in office to feel compelled to do the right thing.

CHERVENAK: Last question here is, What plans do you have for the long term? Obviously, you've done a lot of things with the budget and thinking about congressional capacity. In the long term where do you see your own arc evolving over time? In terms of your research interests? In terms of subject matter?

BYDLAK: As you know, I have been an evangelist for better data. For more transparency. For using technology to solve some of these problems. I think it's an area where there's the potential for huge value-add. And, frankly, I think that I, and those of us who are in this space, haven't really even begun to scratch the surface.

I think there are a lot better tools that can be built to understand better what government is doing. For outside citizens to hold their elected members accountable. And to just generally increase transparency over the process.

Just to give a sense of how far we've come, I mentioned earlier the ability to have an API for just votes in Congress. Well, that's only existed since 2009. Eleven years ago, I think it was a couple of outside groups built that tool—it might have even been the *New York Times* initially. So, if you think about it, even prior to 2009, we didn't even really have great structured data on how votes were being taken. Let alone the implications of those votes.

Just now, we're starting to get tools. The ability to do something like Spending Tracker has existed for a long time, but things like needing to digitize Congressional Budget Office reports, which was a part of this project. It wasn't like we could just go and tap into this preexisting data and crunch the numbers. It required literally reading, I think it was over six thousand, CBO reports over the last decade and then digitizing all of them.

So, there's a lot of room for better structured data and then building tools on top of that data. There is all of the other issue advocacy stuff that we've talked about—with respect to the ongoing fiscal debates that are occurring now; with respect to how we handle coronavirus; with respect to how we implement budget process reform.

But I think that the ultimate answer to how we're going to be able to get better fiscal outcomes is really going to come from whether or not we're able to build tools that are useful for citizens. And for members and for their staff to better understand the process and to ultimately have some level of accountability. It may not be sufficient, but it's definitely a necessary condition, and that's where I see my work moving even more toward.

CHERVENAK: Jonathan, thank you so much for joining us. This has been a great talk. I appreciate your time.

BYDLAK: Thanks for having me. Great discussion.