

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

April 7, 2014

Statement from OMB Spokesman Steve Posner on H.R. 1871 and H.R. 1872

An honest and transparent accounting of the Nation's finances is critical to making decisions about key fiscal policies, and effective budget enforcement mechanisms are necessary to promote budget discipline. The Administration opposes H.R. 1871 and H.R. 1872, both of which would make the budgeting process less transparent and less accurate.

H.R. 1871, the Baseline Reform Act, represents a sharp departure from best practices for both public and private sector budgeting and financial planning. The basic principle underlying the longstanding statutory formula for the budget baseline is that it roughly reflects the cost of maintaining current law program levels, providing policymakers with a starting point for considering changes from those levels. Under the Baseline Reform Act, the baseline would instead assume a steady deterioration in programs' purchasing power.

H.R. 1872 would amend the Federal Credit Reform Act of 1990 (FCRA) to require fair value budgeting of the costs of Federal credit programs, which would artificially and inappropriately inflate the cost of credit programs relative to other forms of Federal spending. While aspects of fair value may offer insights and help inform decision-making in some cases, using fair value for budgetary cost estimates of credit programs would raise serious conceptual and implementation issues that would exceed the potential benefits from such estimates. The Administration also has serious concerns about the requirement to include revenue and outlays of Fannie Mae and Freddie Mac in budget totals, especially while they are under temporary conservatorship.

The President's FY 2015 Budget includes a number of reforms that would improve transparency and accuracy in Federal budgeting. The Administration looks forward to working with Congress on these reforms to ensure the Federal Budget remains a useful guidepost for Congress and for the American people in making decisions about the key fiscal policy issues that face the nation.

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