

# The Congressional Budget and Impoundment Control Act at 50

## Goals, Effects, and Possible Reforms

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## Introduction

The Congressional Budget and Impoundment Control Act, which turns 50 years old in 2024, came about as an effort to re-establish Congressional control of the purse. Proponents of the law argued that the 1921 Budget and Accounting Act—the last significant legislation on budget process—gave too much power to the president, at the expense of the Congress. That perceived institutional imbalance was exacerbated by the actions of presidents to exercise budgetary control.

Constitutionally, the Congress already had substantial control over the budget, even prior to the act, since Article I, Section 7 of that founding document clearly established that taxing and spending could not happen unless approved by the legislature. This was an understandable limitation on executive power, borne out of colonial concerns about “taxation without representation.” This 1974 act, however, was the most significant attempt since that time to shift budgetary power to the Congress by providing it with the capacity, and a platform, to challenge presidential budget priorities.

Several specific elements in the act attempted to provide Congress with that enhanced ability. Two of these have had the most lasting and significant effects. The first was the creation of the Congressional Budget Office to provide the Congress with the information that was necessary to challenge the executive. Although CBO has functioned largely as anticipated by Alice Rivlin when she first organized the agency in 1975, it has become more influential than even the most optimistic of the founders might have envisioned, and is arguably the most successful of the Budget Act’s reforms. The second, the budget resolution’s reconciliation process, was not anticipated as an important part of the reform at the time, but has become perhaps *the* key way for congressional majorities to effect major changes in policy. The results concerning the effects of the law on fiscal responsibility have been more mixed. While it was used to reduce projected deficits in the 1980s and 1990s, since the late 1990s it has been more likely to be used to effect policies—tax cuts and spending increases—that add to deficits.

This paper will review the original justification for the Congressional Budget Act, outline its impacts relative to these aims, and focus in depth on CBO and reconciliation. It concludes with recommendations on how these two elements might be changed to permit the budget process to operate more effectively.

## What the Congressional Budget and Impoundment Control Act Meant To Do

The events that precipitated efforts by the Congress to wrest back control over the budget have been referred to by veteran budget scholar Allen Schick as the “Seven Year Budget War” (Schick, 1980, pp. 17-48). While this skirmish started in the Johnson administration, it was brought to a head by President Nixon’s use of impoundments. He would routinely sign appropriations bills and then refuse to spend funds for some programs that he opposed. At the same time, the Congress was acutely aware that its decentralized nature meant it had no mechanism for considering the whole budget, as opposed to piecemeal legislation affecting the budget’s component parts. The Congressional budget was “the uncoordinated sum of the spending consequences of all these laws” (Hartman, 1982, p. 383). As a result, the president’s budget proposal had an outsized influence and—through wars, depressions, the expansion of the federal bureaucracy, and other national developments—that influence had grown steadily. In terms of a vision for the whole budget, the president’s budget was the only game in town.

The Congress, in response to this, appointed multiple committees in the early 1970s to study ways to reform the budget process and regain (what the Congress believed to be) a proper distribution of budgetary power. The most important, formed in 1973, was the Joint Study Committee on Budget Control. The recommendations of this committee evolved into legislation that became the Congressional Budget and Impoundment Control Act (Schick, 1980):

- As had been recommended by the Joint Study Committee, the bill created a House Committee on the Budget and a Senate Committee on the Budget. These committees would, as other committees, have their own staffs. Schick notes that the drafters of the law wanted these committees to be “powerful, but not too powerful”—thus the intent was to establish dialogues with the previously existing committees, rather than to have the Budget Committees become the dominant players in the budget process (Schick, 1980, p. 84).
- By April 15<sup>th</sup> each year, Congress was required to pass a concurrent resolution on the budget which would specify aggregate targets (spending, revenues, deficit, and debt), and spending limits by broad budget function (such as national defense, health, energy, etc.). These non-binding functional limits were to be translated into committee allocations by the Budget Committees. The original legislation called for a second, revised budget resolution in September that could incorporate reconciliation instructions requiring committees to make adjustments to laws if those laws were inconsistent with the targets in the second resolution (Hartman, 1982, pp. 384-385).
- The law created a process for considering impoundments. Two variations were permitted. A rescission would involve the cancellation of budget authority that had already been provided. A deferral would delay the spending of that budget authority. In either case, the president could propose these changes, but if the Congress did not approve them within 45 days, the spending would take effect as enacted.
- The law created what was first called a Legislative Office of the Budget, but eventually was named the Congressional Budget Office.
- The fiscal year was moved from starting on July 1 to starting on October 1, because the Congress kept missing the July 1 deadline.

President Nixon signed the Congressional Budget and Impoundment Control Act into law on July 12, 1974. As the law unquestionably strengthened the Congress in the budget process, somewhat at the expense of the president, it may be somewhat surprising that the president signed the law. But this was the summer of 1974, when President Nixon was at his weakest politically, and his approval of the law came only a month before his resignation as a result of the Watergate scandal (Meyers and Joyce, 2005).

The law has been amended multiple times since enactment, and there have also been significant changes in budget practice. The most significant of the legislative changes were attempts to use the law to respond to the increasingly large deficits that emerged in the 1980s. While the original law did focus on congressional “control” of the budget, it was silent in terms of fiscal results—it did not specify a particular size of the budget, nor did it embrace any particular fiscal rule (such as a balanced budget norm). Nonetheless, it is reasonable to assume that their use of the word “control” did suggest that the drafters had in mind some degree of fiscal responsibility. In fact, the period from the early 1980s until the late

1990s saw the process used substantially to strengthen efforts to reduce deficits. In fact, these actions, coupled with substantial economic growth in the late 1990s, resulted in four years of budget surpluses—the first in almost 30 years—between fiscal years 1998 and 2001 (Meyers and Joyce, 2005).

The first of these deficit-focused changes occurred with the passage of the Balanced Budget and Emergency Deficit Control Act of 1985 (popularly known as Gramm-Rudman-Hollings, after its Senate sponsors).<sup>1</sup> It established deficit targets and a sequestration process, which would automatically reduce spending if these targets were not met. This was followed by the Budget Enforcement Act of 1990, which established two new processes to attempt to enforce adherence to tax increases and spending cuts agreed to by the Congress and the president. It created a new pay-as-you-go (PAYGO) process, which required that, in aggregate, changes that increased mandatory spending or decreased revenues needed to be offset by mandatory spending reductions and/or revenue increases. It also established limits, or caps, on discretionary (or annually appropriated) spending. These caps and PAYGO were extended by various Congressional rules and other laws, most notably laws focused on spending control passed in 1993 and 1997, the Budget Control Act of 2011, and the Fiscal Responsibility Act of 2023. These latter two bills have been, to date, much less successful in reducing deficits; both were fig leaves to provide the Congress with cover for taking necessary votes to raise the debt ceiling. The most significant change in practice involves reconciliation, and in particular its increasing use to enact not only deficit-reducing changes (tax increases and spending cuts), but eventually deficit-increasing changes (tax cuts and spending increases) as well. Reconciliation has now become the most significant legislative effect of the Budget Act, a development discussed later in this paper.

## The Effects of the Budget Act

This section outlines the Budget Act's main effects (or, in some cases, lack of effects). The following section discusses in depth the budget resolution (and particularly, the reconciliation process) and the Congressional Budget Office (CBO). The paper also discusses the 1974 act's impact on the practice of impoundments, the timeliness of the budget process, and the empowering of the Congress to articulate an alternative fiscal policy.

### **The law has effectively controlled impoundments**

The kinds of presidential overreaches that were common during the period just prior to the enactment of the law have been effectively eliminated because of the impoundment control provisions of the act. Presidents have periodically proposed cancellations of budget authority, but the Congress has often substituted its own spending reductions. The Congress has, therefore, not only been in the driver's seat concerning *whether* reductions will occur, but also has been with respect to *which* reductions will occur. According to statistics compiled by the Government Accountability Office (GAO), since 1975 most proposed presidential impoundments have not been enacted; in fact, the rescissions that have been initiated by the Congress dwarf (in both number and amount) those that have been proposed by the executive. According to GAO, between 1974 and 2020, presidents proposed 1245 rescissions totaling \$92 billion. Only 461 of those, for total savings of \$25 billion, were approved by Congress. Over the same period, however, the Congress approved 3252 rescissions that were congressionally initiated, for a total

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1. Phil Gramm (R-TX), Warren Rudman (R-NH), and Ernest Hollings (D-SC).

savings of \$384 billion (Government Accountability Office, 2020). Many of these congressional rescissions resulted in the cancellation of budget authority that would not otherwise have been spent and were proposed to free up resources to use to offset other spending. Some recent presidents (most notably President Donald Trump) have asserted an expanded authority to impound funds. In 2019, the Trump administration refused to release almost \$400 million in aid to Ukraine, an action which GAO later deemed illegal (Buble, 2020) and which was a major factor in the impeachment of President Trump in 2020.

### **The budget process has gotten less timely**

As noted above, the Budget Act changed the beginning of the fiscal year from July 1 to October 1. The justification for this was that the Congress increasingly was not able to finish its legislative work (especially appropriation bills) prior to the beginning of the fiscal year. It was thought that allowing an additional three months would solve that problem, particularly since the congressional process (both before and after the Budget Act) does not really start until the release of the president's budget in February. Those three months have made less than no difference. In fact, in the 48 fiscal years since the date was changed, only three have seen all appropriation bills become law prior to October 1, and none of those occurred in the past 25 years. It is an open question whether the Budget Act itself has made the situation worse, although adding a layer to the process (the budget resolution) has made the process more time-consuming. At a minimum, however, it is clear that the process is in fact significantly less timely than it was 50 years ago.

Moreover, while late appropriations had been a problem even before the Budget Act, government shutdowns had not, as agencies routinely kept spending into the next fiscal year, even absent an appropriation. A 1981 opinion by Attorney General Benjamin Civiletti, however, held that to spend money in absence of an appropriation (for discretionary programs; that is, those that are funded through appropriations bills) was a violation of the Antideficiency Act of 1884, as amended in 1950 (Civiletti, 1981). This meant that, absent a regular or short-term appropriation (called a continuing resolution, or CR), agencies had no legal authority to spend money and needed to shut down. Thus, the impact of late appropriations was much more serious after 1981 than it had been before.

There have been 10 government shutdowns since 1980. The two longest shutdowns were the 34-day interruption that occurred in 2018, and the combined two shutdowns covering 26 days in late 1995 and early 1996. In addition, not only has the practice of continuing resolutions become the norm in the past 25 years, but these CRs have been extending further into the fiscal year. In the 26 fiscal years between fiscal year 1998 and fiscal year 2023, there were an average of five CRs per fiscal year. Between fiscal year 1998 and fiscal year 2008 (11 years), these CRs extended, on average, 110 days into the fiscal year, meaning that final appropriations were, on average, agreed to around mid-January. In the 15 years between fiscal year 2009 and fiscal year 2023, that average has increased to 157 days, meaning that, on average, it is early March before all appropriations become law (Congressional Research Service, 2023). In fiscal 2024, the final appropriations bills finally passed at the end of March.

Further, the budget resolution itself has not been enacted on a timetable that is even close to that envisioned by the Budget Act. In fact, in many years it is not adopted at all, or is adopted in the House but not in the Senate (Congressional Research Service, 2022).

## **The Congress can present comprehensive alternatives to the president’s budget, but usually does not**

One of the main goals of the Budget Act was to put the Congress on a more equal footing with the President concerning budget policy. It has unquestionably done that, often offering the public and the press an alternative fiscal path to that presented in the president’s budget. For example, during the Clinton administration, budget resolutions passed by Congress frequently were at odds with Presidential priorities, to such an extent that these differences in priorities led to a long government shutdown in 1995 and 1996. Later, and particularly when Paul Ryan (R-WI) was chair of the House Budget Committee, that committee routinely passed budget resolutions that argued for a substantially different fiscal policy path than the path envisioned by President Obama.

Moreover, when major deficit reduction agreements were negotiated, especially in the 1980s and 1990s, the Budget Committees were major players in those negotiations, and the budget resolution (and especially its reconciliation process) has been the vehicle used to get those agreements passed into law. At those times, and at others when the deficit and debt gained traction as a political issue, the chairs of the Budget Committees—individuals such as Ryan, Senator Pete Domenici (R-NM), and Representative Leon Panetta (D-CA) were considered *the* major figures in the Congress with respect to the budget.

Further, especially because of the creation of CBO, the Congress had sources of information on the costs and (sometimes) effects of budget policy that just were not available before the Budget Act. The result of this was to diminish the influence of the Office of Management and Budget (OMB) because it was no longer the only game in town when it came to budget numbers. This also, on a point that I will expand upon below, has tended to keep various presidential administrations more honest in their own budget proposals.

It should be noted that the act has permitted the Congress to present such an alternative path, but only when it wants to. The frequent inability of the Congress to agree to budget resolutions has often compromised the ability of the Congress to stake out such an alternate vision. The efficacy of the budget resolution as the vehicle for presenting such an alternative has also been affected by the tendency in recent years for top-line appropriation agreements to be reached by the congressional leadership rather than by the Budget Committees.

This paper will focus on the two major ways that the Budget Act changed policymaking. The first is the use of reconciliation procedures to enact major policies over the past 50 years, and, in particular, to empower Senate majorities to pass laws without having to confront the supermajorities required to overcome the filibuster. The second is the way CBO has both empowered the Congress and constrained it. In the latter case, the requirement that the Congress consider CBO’s “scores” (its cost estimates of legislation) and the ascendancy of CBO both in Washington and the nation as arguably the major arbiter of economic and fiscal policy issues has meant that the Congress is confronted more directly with the fiscal impacts of its actions. Each of these cases will include an explanation of how these two changes became so influential and how their effectiveness might be improved.

## **The Evolution of Reconciliation**

Reconciliation started out as a relatively minor part of the budget process. The drafters of the Budget Act had established it as a practice to bring the laws anticipated to be changed by the second budget resolution (scheduled to be considered in September) in line with actions that had already been taken in response to the first (April) budget resolution. Further, the original aim of reconciliation was to focus on

changes in appropriated spending and to bring appropriation bills in line with the targets of the budget resolution. This was consistent with the goal of having the first budget resolution set non-binding targets, while the second resolution would direct changes in law to meet those targets (Schick, 1981).

There have been changes to the reconciliation process since its enactment that have substantially changed its operation and impact on the process. These include the timing of the reconciliation process, the scope of permissible reconciliation actions (specifically the so-called “Byrd rule”), the scope of reconciliation, including its effects on federal debt and deficits, and its frequent use by Senate majorities to consider legislation without fear of a filibuster.

### **The timing of reconciliation**

As noted, reconciliation was initially intended to be part of the second (September) budget resolution. When President Ronald Reagan came into office, his budget director David Stockman front-loaded the reconciliation process, so for the first time the (April) budget resolution included reconciliation instructions that attempted to mandate actions to cut federal spending. Part of the reason for an earlier reconciliation process is practical; under previous practice, the second resolution, which was to include reconciliation, was not enacted until September 15<sup>th</sup>, or only about two weeks before the beginning of the fiscal year. This was not enough time, even in a normal year, to move these changes through the legislative process (Doyle, 1996). It was most certainly not enough time to consider changes the scope of which were being proposed by the Reagan administration. Subsequently, the law was changed so that there is no second budget resolution. The only budget resolution is supposed to be passed by April 15<sup>th</sup>, and that resolution may or may not include reconciliation instructions. This change in timing has enabled the Congress to have time to consider many more detailed changes to law through reconciliation than were ever anticipated when the process was initially established. Thus, the expanded scope of reconciliation—to cover mandatory spending and revenues, rather than appropriations—could arguably not have occurred without this timing change.

### **The Byrd rule**

Because of concerns that reconciliation bills could broadly be used to change or enact ANY legislation, regardless of whether that legislation was “budgetary,” Senator Robert C. Byrd (D-WV) in 1985 proposed a rule, later enacted in statute, which prohibits the inclusion of “extraneous” provisions in reconciliation bills. Under the “Byrd rule,” the following provisions are considered extraneous (Kogan and Reich, 2022):

- Any change that affects Social Security;
- Legislation that is not under the jurisdiction of the committee proposing the change;
- Spending or revenue changes that would cause reconciliation targets to not be met;
- Legislative changes that affect revenues or spending if the budgetary effects are “incidental” to the main changes sought by the provision;
- Spending or revenue changes that would raise deficits in years after the years covered by the reconciliation bill.

What is, or is not, considered extraneous is subject to interpretation by the Senate Parliamentarian.<sup>2</sup> While the Parliamentarian’s interpretations are advisory, they have almost always been followed by the Senate, but not without controversy. Senators have sometimes pushed back against these opinions, and Senate Majority Leader Trent Lott (R-MS) replaced the Senate Parliamentarian in 2001 as a result of one of these confrontations (Rosenbaum, 2001). A couple of the above changes have had significant impacts on the scope of, and the time period covered by, reconciliation. For example, an amendment to raise the federal minimum wage in 2021 could not be included in a reconciliation bill because of the Byrd rule, because its budgetary effects were considered “incidental,” even though CBO had estimated that it would increase deficits by \$64 billion over ten years (Kogan and Reich, 2022). And many changes in tax law (most recently the Tax Cuts and Jobs Act of 2017) include “sunset” provisions so they do not run afoul of the Byrd rule’s prohibition against out-year deficit impacts. This has, in turn, sometimes meant that out-year baseline estimates were systematically understated, as these estimates assume current law (in this case, that taxes would be raised when the law sunset), even though few people believe that this would be allowed to occur.

While the Byrd rule applies only to Senate action, it has increasingly had a substantial (and unwelcome, to many House members) effect on the House, as provisions that are enacted by that body can be (and often are) stripped out in the Senate.

### **The changing focus of reconciliation**

Initially, reconciliation was focused primarily on appropriated spending. Along with the changes in timing referenced above, reconciliation is now solely used to make changes to mandatory spending and revenues. During the debate on the American Rescue Plan Act, there were (ultimately successful) attempts to “reclassify” several hundred billion dollars in the bill as mandatory so that spending could be enacted through reconciliation (Krawzak, 2021). It was used, for example, to enact welfare reform in 1996, for the various deficit reduction bills (involving both revenue increases and spending cuts) in the 1990s, and for various standalone bills both cutting taxes and expanding entitlement programs. It also was not originally intended to apply to the out-years, rather than just the budget year. The fact that it is now applied to years beyond the budget year (now typically 10 years) means that reconciliation can be used to make multi-year changes to tax and spending policy.

In addition, both the initial assumption behind, and the practice of, reconciliation focused on using the process to reduce spending and increase taxes, and therefore to reduce budget deficits. This was largely the case through the 1980s and 1990s, with key examples being the two major deficit reduction bills enacted in 1990 and 1993. On the revenue side, these bills involved increasing taxes, particularly on higher-income taxpayers. In the case of spending reductions, these occurred either directly (by making changes in mandatory spending) or indirectly (through the enactment of statutory limits on discretionary spending).

Starting in 1996, however, and especially since 2001, most reconciliation bills have increased deficits.<sup>3</sup> A notable example of this was the 2001 tax cut proposed by President George W. Bush and enacted by the

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2. The Parliamentarian’s opinion is advisory, but to date has always been followed. See Dauster (2022), pp. 15-23.
3. The Parliamentarian’s interpretation that permitted reconciliation to be used to increase the deficit occurred in 1996, and there were two deficit-increasing reconciliation bills that were passed by the Congress but vetoed by President Clinton, in 1999 and 2000.



Congress.<sup>4</sup> That legislation was enacted, to be fair, in the context of projections by CBO and OMB that showed 10-year surpluses in excess of \$5.6 trillion (Joyce, 2011a); therefore at the time they were viewed as not deficit-increasing, but surplus-reducing. Supporters of using reconciliation to enact that legislation argued, correctly, that there was nothing in the Congressional Budget Act that prohibited using that process to cut taxes. This then paved the way for further deficit-increasing reconciliation bills, including further tax cuts in 2003, and many bills that increased spending, including the 2010 changes that were part of the Affordable Care Act,<sup>5</sup> the 2017 Tax Cuts and Jobs Act, the American Rescue Plan Act in 2021, and the 2022 Inflation Reduction Act.

Efforts have been made at various times to prohibit the use of reconciliation to enact changes that would increase deficits. In 2007, both the House and the Senate (under Democratic control) adopted rules to that effect. The House repealed that rule in part (permitting deficit-increasing revenue provisions, but not mandatory spending increases) when Republicans took over in 2011, but the Democratic-controlled House repealed *that* rule in 2021. The Senate rule against using reconciliation to increase deficits was repealed in 2015 (Kogan and Reich, 2022).

### **The political and institutional impacts of reconciliation**

The most important reason that reconciliation has become such a crucial part of policymaking is that it enables Senate majorities to get things done, without fear of obstruction by the minority party. This is because the Congressional Budget Act limits debate on a reconciliation bill to 20 hours. The practical implication of this constraint is that a reconciliation bill cannot be filibustered. Therefore, particularly during times of unified Congressional control, reconciliation enables the passage of partisan legislation. For example, when Democrats controlled both houses, the 1993 reconciliation bill that included substantial tax increases and spending cuts did not receive a single Republican vote in the House or Senate. After Republicans took over, Dauster recounts how the 1996 welfare reform law and tax and spending changes in 1997 were able to be passed without fear of a Democratic filibuster (Dauster, 1998). More recently, the Inflation Reduction Act passed without a single Republican vote in the House or Senate, at a time when the Senate was evenly divided.

On the one hand, this discourages bipartisanship and compromise, which can certainly be viewed as a phenomenon that is not healthy for a democracy. On the other hand, given the polarization of the political system, it could be argued that, without this escape valve, we would have perpetual gridlock.

It is also important to point out that the use of reconciliation to make major policy changes has resulted in a concentration of power in the Congressional leadership that has weakened the independent power of committees in Congress. Thus, while these committees might have been concerned that it was the Budget Committees that would usurp their legislative power, it is in fact the leadership that has done so. Practically speaking, this has involved the leadership deciding on the scope of what will be included in a reconciliation bill, rather than actually deciding on the specific policy changes that will be made to meet reconciliation targets. But that “agenda-setting” role for reconciliation has tended to move authority away from the Budget Committees and toward the leadership.

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4. To be fair, at the time that this tax cut was proposed, both the White House and CBO had projected 10-year surpluses on the order of \$5.6 trillion. Neither projection anticipated that what we now call the “dot-com bubble” was a temporary phenomenon.
5. CBO estimated that the ACA changes would reduce the deficit over the 10 years covered by the bill, and also beyond the 10-year estimating window.

## The Congressional Budget Office

The decision by the Congress to create the CBO as a separate, nonpartisan agency somewhat at arm's length from the Congress, rather than having the legislative budget function serve as staff to the Budget Committees, was somewhat surprising, given the highly partisan nature of the Congress. But having established CBO, it remained for the Congress to appoint a director, and for that director to staff and organize the agency. The director was to be appointed "without regard to political affiliation and solely on the basis of his fitness to perform his duties" (Senate Committee on the Budget, 1976, p. 21).<sup>6</sup> All other CBO staff were to serve at the pleasure of the director.

CBO was, in the law, required to issue only one report, which became its annual baseline budget report. It was empowered to produce other reports and analyses as it saw fit. Perhaps most importantly, it was required to provide the Congress with the five-year cost of any legislation reported by a Congressional committee. The law also described a pecking order for CBO work. Its first responsibilities were to the money committees in the Congress—the Budget Committees, the Appropriations Committees, the House Ways and Means Committee and the Senate Finance Committee. It was only required to work for other committees/members to the extent that it had time and resources to do so, and it was not required (unlike, for example, the Congressional Research Service) to work for individual members.<sup>7</sup>

The House and Senate had different views for what the agency would do, with the House having a much narrower conception than the Senate. This difference substantially affected the discussion of who the first director would be. The best description of the House vision is still Robert Reischauer's, first appearing 35 years ago in a Harvard Kennedy School case study (Kates, 1989, p. 3):

The characterization of what the House wanted was basically a manhole in which Congress would have a bill or something, and it would lift up the manhole cover and put the bill down it, and you would hear grinding noises, and twenty minutes later a piece of paper would be handed up, with the cost estimate, the answer, on it. No visibility, [just] some kind of mechanism below the ground level doing this ... noncontroversial, the way the sewer system is.

The Senate, on the other hand, had a more expansive view of what CBO would do, assuming that it would play a role that went beyond providing baseline projections and cost estimates to conducting detailed policy analysis. Ultimately, the Senate's candidate—Alice Rivlin—was chosen to lead the agency, and this selection signaled a more ambitious view of the agency's mission. She took office on February 24, 1975. CBO has had ten directors over its almost 50-year history. While four have been nominal Democrats and six have been nominal Republicans, all have adhered to the vision of the CBO as a neutral arbiter of Congressional actions (see Table 1).

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6. Note the word "his," which was immediately ironic, and remains in the law to this day.
7. This distinction has gotten fuzzier over the years, as sometimes proposals are worked on by groups of members, outside of the committee process. In these cases, there is substantial pressure on CBO to provide estimates.

**Table 1—Directors and acting directors of the Congressional Budget Office**

<u>Director</u>	<u>Tenure</u>
Alice Rivlin	February 24, 1975- August 31, 1983
Rudy Penner	September 1, 1983-April 28, 1987
Robert Reischauer	March 6, 1989-February 28, 1995
June O’Neill	March 1, 1995-January 29, 1999
Daniel Crippen	February 3, 1999-January 3, 2003
Douglas Holtz-Eakin	February 5, 2003-December 29, 2005
Peter Orszag	January 18, 2007-November 25, 2008
Douglas Elmendorf	January 22, 2009-March 31, 2015
Keith Hall	April 1, 2015-May 31, 2019
Phillip Swagel	June 3, 2019-Present

*Note:* During gaps between directors, the agency has been led by acting directors. CBO’s acting directors have been Edward M. Gramlich (1987), James L. Blum (1987-89), Barry Anderson (2003), Donald B. Marron (2005-07), Robert A. Sunshine (2008-09), and Mark Hadley (2019).

Several factors and key events have contributed to the influence and credibility of CBO over its history. These include initial organization and procedural decisions, subsequently reinforced by later CBO leaders, disputes involving challenges to executive branch numbers, intermittent attention to deficits, the CBO cost estimating process, its replacement of OMB as a source for budget numbers, and key institutional factors that have tended to shield it from attack.

### **Early decisions by Rivlin**

In CBO, Rivlin stood up an agency with a vague mandate, and needed to translate the general goals of providing nonpartisan analysis into the reality of developing the analytical capacity to do so. There were several important decisions. The first involved staffing. Who would occupy the key leadership positions, and how would staff be chosen? In March 1975, Rivlin convened a key organizational meeting to discuss how the agency would be organized. A couple of key decisions that had their impetus in that meeting that remain to this day concerned the desire to separate the budget analysis and broader policy analysis (those staff engaged in longer-term studies, rather than short-term cost and baseline estimates) functions, the decision that CBO would not make policy recommendations, and the creation of an internal culture focused on true policy neutrality and analytical excellence. Some of the individuals present at that meeting also ended up being hired into the initial key CBO leadership positions.

### **Stability encouraged by subsequent directors and Budget Committees**

Rivlin had two full four-year terms as director, and a key event in cementing the culture that she had created was the appointment of Rudy Penner, described as “a Republican Alice Rivlin,” as the second CBO director (Joyce, 2011a, p. 214). Penner retained the staff and the agency policies and practices started by Rivlin, and once Penner had subsequently been followed by Robert Reischauer (who, as an assistant to Rivlin, had helped her set up the agency), the culture of the agency was well established (Joyce, 2015). Part of the story throughout CBO’s history is that the Budget Committees have been extremely responsible in their selection of CBO directors. The Budget Act itself, however, has little detail on that process, simply

stating that “(t)he Director shall be appointed by the Speaker of the House of Representatives and the president pro tempore of the Senate after considering recommendations received from the Committees on the Budget of the House and the Senate.” There is a general recognition that it is not in the interest of the Congress, and particularly the Budget Committees, for CBO to be viewed as weak and for CBO credibility to wane. And while there have certainly periodically been criticisms of CBO, and even of its legitimacy, from inside the Congress and from various presidential administrations, these have rarely come from the leaders of the Budget Committees.

### **Challenges to presidential initiatives**

It was by no means inevitable that the Congressional Budget Office would become an influential voice in American public policy. The Congress was not accustomed to having the analytical capacity to challenge presidents and had no experience with nonpartisan economic and budgetary analysis. In fact, there were many in the Congress who were skeptical that Rivlin (who had worked in Democratic administrations and had also been associated with the Brookings Institution, considered by many members of Congress to be left of center) would be able to occupy a nonpartisan stance. CBO’s initial questioning of the Ford administration’s budget assumptions did little to assuage this concern, particularly among congressional Republicans. But when CBO was critical of the assumptions in President Jimmy Carter’s energy policy, which was the key domestic priority of his administration, they began to change their tune. When this was followed by a high-profile difference of opinion with President Reagan’s economic and budget assumptions, this cemented CBO’s initial reputation as calling things as it saw them and seemed to bear out Rivlin’s own description of herself as a “fanatical, card-carrying, middle-of-the-roader” (Hershey, 2019).

Subsequently, CBO’s profile has tended to be raised when its analyses appear to throw cold water on the initiatives and assumptions of presidents. The Clinton administration offered a couple examples of this, both during the 1994 debate over the Clinton health plan, where CBO opined (Congressional Budget Office, 1994) that the transactions of the health alliances established by the law were part of the federal budget (giving ammunition to those who wanted to couch the plan as a major expansion of government), and during the 1995-96 government shutdown, which was in part precipitated by a disagreement over whether to use OMB or CBO economic assumptions.<sup>8</sup>

### **Intermittent attention to deficits**

CBO’s influence, and profile, have been ascendant when the political system, the public, and the media have been focused on federal deficits, or when very expensive legislation is being considered (for example, the Affordable Care Act or COVID relief). At that time, comparisons of CBO projections of the effects of current or proposed policy tend to get more attention. This is particularly true either when politicians have pledged to get control of budget deficits, or when various laws create potential consequences for failing to do so. Some examples:

- As noted above, the Reagan budgets (given the president’s claim that he could cut taxes, increase defense spending, and balance the budget) put CBO in the position of challenging the rosy

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8. President Clinton had pledged, to the chagrin of some in OMB, to use CBO’s assumptions in his first budget; subsequently Republicans tried to tie him to that pledge, as using CBO’s more pessimistic assumptions would lead to the larger budget reductions that many Republicans wanted.

economic assumptions in the president’s budget. Absent the balanced budget pledge, this might have gone relatively unnoticed.

- Subsequently, the passage of Gramm-Rudman-Hollings (GRH) in 1985 with its fixed deficit targets and threat of sequestration put the deficit front and center in the process. Once again, CBO’s projections gained a high profile, since the failure to adhere to the targets would have consequences. The focus on the consequences of failing to follow process constraints continued even after GRH was repealed and replaced with the Budget Enforcement Act, which included statutory limits on discretionary spending and a new pay-as-you-go (PAYGO) process which required increases in the deficit caused by new mandatory spending or revenue legislation to be fully offset by other mandatory or tax measures. When Republicans took over the Congress in 1994, and subsequently pushed for major deficit reduction in 1995, the issue of whose economic assumptions to use (CBO or OMB) in determining the extent of deficit reduction actually led to (to that point) the longest ever shutdown of the federal government.
- The deficit was a major focus when considering the consequences of health care reform, both in the Clinton administration and during the debate over the Affordable Care Act. In the former case, the fact that the administration said that the law would reduce the deficit over 10 years and CBO estimated that it would add to the deficit over the same period contributed to its demise. In the case of the ACA, the Obama pledge that he would not sign a bill that added to the deficit put CBO, as the congressional cost estimator, in the position of heavily influencing the final structure. In fact, one former Senate staffer described the Obama deficit pledge as having “handed CBO the keys” with respect to health reform (Joyce, 2011a, p, 209).

At least over the past 15 years, the focus on Congress has *not* been on deficits and deficit reduction. Idiosyncratically, such as in 2011 and 2023 when there were required increases in the debt ceiling, temporary rhetorical attention has been paid to deficits, especially by Republicans, but little substantive progress has been made.<sup>9</sup> Major legislation that increased deficits has been enacted over this period, including the Trump tax cuts of 2017, the American Rescue Plan Act, and the Inflation Reduction Act. During this time, CBO’s influence, in a macro budgetary sense, has been more limited.

### **Cost estimating**

By far the greatest consistent impact that CBO has had on policymaking comes not as a result of these macro-level disputes, but rather through the routine, bill-by-bill process of cost estimating that the law mandated. This requirement opened the lines of communication between CBO and Congressional committees, which weren’t accustomed to coordinating with anyone when drafting a bill.

The law does not require an estimate of every bill introduced. Section 402 of the Budget Act instead requires that each bill ordered to be reported (eligible to be considered on the floor) by a congressional committee (excluding appropriation bills) include a formal CBO cost estimate. As an example, while an average of more than 4,600 bills were introduced per year between 1995 and 2009, only an average of 531

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9. The fact that both of these efforts focused only on discretionary spending (in 2023, only nondefense discretionary spending), which is not the source of current or future growth, and did not consider revenue increases, is evidence that they were not serious attempts to make substantial progress.

of those were reported out of committee (Joyce, 2011a, p. 103). Between 2000 and 2014, CBO did an average of 618 cost estimates (Joyce, 2015). Updated information from CBO indicates that this number has increased somewhat between 2015 and 2023, with an average of 668 estimates, or a roughly 80% increase over the level in the earlier period. For revenue legislation, while CBO communicates the cost estimate, the numbers are produced by the staff of the Joint Committee on Taxation.

The CBO cost estimating process is highly influential, perhaps particularly behind the scenes. CBO does many informal cost estimates each year, resulting from congressional staff reaching out with proposals that have not yet gone through the committee process. In fact, the typical pattern for a given piece of major legislation involves a substantial amount of back-and-forth between CBO and the relevant committee or committees. It is not at all unusual for a given committee to change a piece of legislation based on CBO's preliminary analysis showing that the bill is more costly than the committee intends or believes to be politically palatable. There is frequently a disconnect, for example, between what a given member or committee *means* to do, and what the legislative language actually does.

It is important to note what a CBO cost estimate does, and what it does not do. It does present the federal budgetary effect, over (at present) the next ten fiscal years. It also, subject to some limitation, identifies whether legislation includes mandates on state and local governments and the private sector that exceed a specified monetary threshold, under the Unfunded Mandates Reform Act (Congressional Budget Office, 2023).<sup>10</sup> It does not focus on broader economic effects, and it does not routinely focus on benefits or policy effects.<sup>11</sup> In fact, a criticism that has frequently been leveled at CBO is that their cost estimates are *too* influential, because they do not always consider benefits. This is likely true, and CBO might even agree, but the reasonable response is that the cost estimates are an input into the legislative process, not a pronouncement on whether the Congress should or should not pursue a particular policy.

### **CBO replaces OMB as the source for numbers**

One of the major developments brought about by the existence, and increased profile and credibility, of CBO has been that it has supplanted OMB as the main source of credible budget information (Meyers and Joyce, 2005). It had always been true that the mission of OMB, despite its high-quality career staff, was to support the policies that were being pursued by the president. There is nothing inappropriate or untoward about that. It meant, however, that OMB numbers needed to be viewed in that context. Presidents have an incentive to overplay the positive effects of their policies and downplay the negative effects. Before CBO, however, virtually no credible institution was offering any alternative numbers to those provided by a given administration. This meant that the press, members of Congress, and the public might be skeptical about numbers coming from OMB, but they had nowhere else to turn. Once the press, in particular, discovered CBO (largely as a result of the high-profile disputes referenced above), it fundamentally changed the media relationship with budget numbers. It also meant that members of Congress, particularly from the party that did not hold the White House, had the capacity to challenge executive

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10. This law, passed in 1995, requires CBO to provide the Congress with information on the cost of federal legislative proposals on state, local, and tribal governments. In 2023, the estimates were required if those costs exceeded \$99 billion, in aggregate. It also required estimates of the costs imposed on the private sector, if they are in excess of \$198 billion. Both of these figures are adjusted annually for inflation.

11. A notable, and influential, exception occurred when the Congress was considering repeal of the ACA. The CBO estimates did attempt to estimate the effect that the repeal would have on the number of uninsured.

branch numbers. The other factor that has contributed to the decline of the relevance of OMB is that OMB has more limited ability to analyze mandatory spending, which is now more than two-thirds of the budget.

There are also more informal effects of CBO on executive branch numbers. Former OMB career staff report that they often used the fact that CBO would be producing an alternate economic forecast, budget projection, or cost estimate to get political appointees in OMB and the White House to temper the claims that they might have otherwise made, or the numbers they otherwise would have produced (Joyce, 2011a, pp. 210-211).

### **Institutional factors protecting CBO**

It is somewhat surprising, in a sense, that CBO has remained influential (and perhaps that it has continued to exist at all) as a nonpartisan voice as the overall political system has only gotten more polarized, and when CBO analyses create barriers that make it more difficult for their congressional masters to get things done. A recent detailed analysis asking why CBO has survived (Rocco, 2021) suggests that there are three factors that have tended to protect CBO, even in the face of partisanship and intermittent partisan attacks. First, as noted above, the persistent existence of (if not attention to) deficits appeared to give it a continued reason to exist, and made its budget products continually salient. Second, because the law gave it a concentrated congressional constituency (the Budget Committees), and because those committees saw building up CBO as supporting their interest in acquiring more power, CBO was able to count on the Budget Committees to support them in the face of criticism by other constituencies in Congress. Third, members of Congress, instead of trying to eliminate the “CBO problem” by getting rid of CBO, instead focused on trying to leverage CBO analyses to advantage their own projects. An example of this is represented by efforts by Republicans to integrate “dynamic scoring” into the legislative process. Increasingly, committees and the congressional leadership ask CBO questions that will result in a response that favors their policies, rather than simply criticizing CBO for not providing such analyses.

## Looking ahead

Looking forward (if not for the next 50 years, at least for the next 10 or 20), what are some questions, particularly with respect to the overall budget policy anticipated by the budget resolution and reconciliation, and the availability and use of budget information by the Congress, anticipated by CBO?

### **1. Can the budget resolution be rescued as a meaningful way for the Congress to affect fiscal policy?**

The budget resolution was intended to be the mechanism for Congress to set a path for overall fiscal policy. Rather than being a genuine means of doing so, however, it has degenerated into an opportunity for partisan political posturing. Further, in many years the Congress has failed to enact budget resolutions at all. In some of these cases, a resolution may be adopted in only one house (usually the House of Representatives) or is adopted in both houses with no chance of being agreed to in conference. Perhaps the best example of political posturing comes during the “vote-a-rama” in the Senate, where, when time for debate has been exhausted, Senators are forced to go on record on a large number of controversial amendments that have little or no chance of leading to changes in law or policy, but appear to be designed only to score political points. Moreover, at times the absence of a specific budgetary focus leads to

situations where a given Budget Committee’s work is focused on issues that may be particularly important to individual members (such as economic inequality or climate change), but have only a tangential connection to the budget.

Part of the challenge faced is that the Budget Committees may not be that attractive for members to sit on, because they are perceived (perhaps accurately) as committees without much real impact. Some members may then not seek to sit on the Budget Committees, but rather may favor committees where they know that they will be able to have more direct influence on policy, in particular to affect their constituents. In addition, in the Senate there are limitations placed on committee membership, as Budget is a “B” committee, and Senators are limited to one of those.

There are also term limits established for Republican Budget Committee members in the House; such term limits apply to only two other House committees—Ethics and Intelligence. This promotes a constant state of turnover on the House Budget Committee, which would seem to work against the reasonable goal of increasing the knowledge base of this committee. The result is that those Republicans sitting on the Budget Committee have significant less seniority than the average House member. At the beginning of the current (118<sup>th</sup>) Congress, for example, the average House member had 9.6 years of service, while the average House Republican Budget Committee member had served for only 6.3 years. This stands in sharp contrast to the average of 16.1 years for House Budget Committee Democrats. This pattern is not repeated in the Senate, where both Republican and Democratic members of the Budget Committee have greater seniority than the average Senator.<sup>12</sup>

All of this puts the Budget Committees at a disadvantage, particularly in the case of reconciliation, where the budget resolution is instructing more powerful committees to make changes that they may not want to make.

One way, therefore, to make the Budget Committees more attractive, and therefore more powerful, is to change its membership. Former Senator Nancy Landon Kassebaum (R-KS) had suggested renaming the Budget Committees as Committees on National Priorities. More important than a renaming, however, this proposal would have changed the membership of the Budget Committees to include the chairs and ranking members of the most important committees, with respect to their control of tax and spending policies, in the Congress (Joyce, 2011b, p. 9). This reform was also suggested by other analysts, including Alice Rivlin and Pete Domenici (Rivlin and Domenici, 2019, p. 18).

Another reform that has been advanced is to have the budget resolution explicitly set a target for debt reduction, using a ratio such as debt-to-GDP. As the budget resolution covers multiple years, the resolution could (for example) set such a target and chart a path that achieved it over a ten-year period. Numerous groups have suggested such an approach over the years (Peterson-Pew Commission on Budget Reform, 2009).

## **2. Has the reconciliation process been, on balance, a positive development, and how might it be changed to make it more effective?**

Reconciliation, as described above, has been a powerful process largely because it permits changes to be made that would likely otherwise have no chance of passing the Senate with its filibuster rules. If the Senate ever did away with the filibuster, the incentives to use reconciliation would largely disappear. Thus, it has behaved very much as an antidote to gridlock. That positive, however, has a clear downside,

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12. Calculations of average committee member tenure were done using data collected for *Vital Statistics on Congress* (Washington, D.C.: The Brookings Institution, forthcoming 2024).



which is that it discourages bipartisan policymaking, meaning (at least in part) that the changes that are made are at risk of being undone by subsequent congresses when Senate majorities change. This situation, of course, was not caused by reconciliation, but is the result of the increasingly polarized political environment.

The different views of reconciliation lead to disparate, even diametrically opposed, options concerning its future (assuming, again, that the status quo remains with respect to the filibuster).

**Option 1: Eliminate it.** Particularly because many of the changes that have occurred through reconciliation in the past 25 years have added substantially to deficits, the argument is that reconciliation has made it too easy to make these budget-busting changes. Arguably, proponents of this change are most concerned about the more recent use of reconciliation; they have many fewer concerns about how it was used earlier in its history. In addition, however, there is a separate argument for eliminating reconciliation, which is that permitting changes to be made with a simple majority (plus one) is inconsistent with the traditional mores of the Senate, which protect the minority party (Dauster, 1998). It is also reasonable to ask whether, in the absence of reconciliation, there is any reason to pass a budget resolution. Even without reconciliation, however, the budget resolution could still set an overall path for fiscal policy and would set the top line for appropriations.

**Option 2: Leave it alone.** The argument here is that it is ONLY reconciliation that permits anything of importance to get done. It is hard to imagine that the current polarized political environment would result in the kind of bipartisan compromise that the opponents of reconciliation anticipate. Those who would leave the current reconciliation process in place likely would point to legislation such as the final pieces of what became the Affordable Care Act in 2010 and the Inflation Reduction Act in 2022, neither of which would have become law absent the use of reconciliation. While these were both spending-heavy actions, it is also the case that leaving reconciliation in place makes it easier to make tax changes, such as occurred under the 2017 Tax Cuts and Jobs Act.

In between these two options are two more nuanced suggestions.

**Option 3: Permit reconciliation to be used only for deficit reduction.** As discussed above, for roughly the first quarter century of experience with reconciliation it was assumed to be a procedure that would be used to promote spending reductions or revenue increases—in other words, for deficit reduction. The past 25 years have seen a much different focus, with reconciliation primarily being used for deficit-increasing changes. The Committee for a Responsible Federal Budget (CRFB) has recommended that reconciliation be returned to what was arguably its original purpose—deficit reduction by “restoring and codifying the ‘Conrad rule.’”<sup>13</sup> This reform would establish a 60-vote point of order against reconciliation bills that increase deficits over the period covered by the budget resolution. This point of order could apply in the House as well as the Senate (Committee for a Responsible Federal Budget, 2023).

**Option 4: Reduce the constraints caused by the Byrd rule.** The Byrd rule creates some constraints that prevent certain provisions from being considered through the reconciliation process. In particular, it prohibits using reconciliation to make any changes in Social Security. Given the uncertainty regarding the health of Social Security, with the OAS Trust Fund slated to become insolvent in less than 10 years (Congressional Budget Office, 2024), it seems short-sighted to tie the hands of the Congress by prohibiting the use of reconciliation for changes in this program. Rivlin and Domenici noted this almost 10 years ago and suggested that this “and other unnecessary restrictions on the budget process should be eliminated” (Rivlin and Domenici, 2015 p. 20).

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13. This “rule” was named after former Senate Budget Committee Chair Kent Conrad (D-ND).

### **3. How can CBO best be sustained as a source of nonpartisan information for the Congress?**

Given the consensus that CBO has, as the Budget Act intended, served to make the Congress a more equal player in the budget process and to provide it with high-quality information on the budget and the economy, how can this be sustained?

First, the Congress can continue to understand that it needs to strengthen and support CBO, even if individual members of Congress disagree, as is inevitable, with CBO analyses. Periodically, and particularly when the White House has been under the control of the same political party as one or more of the houses of Congress, some members of Congress, and even some Budget Committee members and individuals in Congressional leadership, have questioned the need for CBO. Some have argued, for example, that CBO is not necessary because there are many think tanks who can (and do) analyze the same issues as CBO. It should be noted, however, that these think tanks do not generate the kinds of budget numbers, using consistent assumptions and methodologies, that come out of CBO. Further, this external analysis frequently has a partisan bent, and ignores the fact that CBO's mission is to provide information in a consistent (across different proposals with similar policy goals, for example) and objective manner. Such criticisms are short-sighted, as a weakened CBO invariably weakens the Congress and strengthens the presidency.

Second, some have advocated a more systematic and formal approach for selecting CBO directors. As noted, the Budget Committees have done an extraordinarily responsible job of identifying individuals who have served as exemplary CBO directors. In practice, an informal process has been developed where the House and the Senate alternate taking the lead in identifying candidates. There is also no limit in the law concerning the number of terms that a given director can serve, and also no specific provision suggesting what happens if a given director's term expires and no successor has been named. This is not an academic question, as there have been times when CBO had relatively long periods where it was led by interim directors. It would be useful to codify a more specific set of selection procedures (Rivlin and Domenici, p. 19).

Third, it has been suggested that the legislative process be more efficiently managed such that bills are not considered on the floor of the House or Senate without that body having received a CBO cost estimate. While the vast majority of bills do include the required cost estimate, increasingly in the rush to legislate, particularly complicated (and potentially expensive) bills are acted on without such an estimate. The Committee for a Responsible Federal Budget has suggested that House and Senate rules should prohibit consideration of such bills without such an estimate (Committee for a Responsible Federal Budget, 2023). This could, from a practical perspective, mean establishing points of order, with supermajority requirements, which cannot be waived except in documented emergency situations. The Congressional leadership would need reassurance that CBO would produce estimates quickly enough for Congress to be able to do its work if such a rule was put in place. Given the last-minute nature of much congressional budgetary action, this may not be practical. Still, it compromises the very purpose of CBO cost estimates if the most expensive bills can be passed without the Congress having information on their cost.

Fourth, the budget process needs to operate in a more predictable and timely fashion to allow CBO products to be available on a more consistent timetable. This means, simply, that the budget process needs to adhere to deadlines in the law. Routine CBO products (especially the CBO annual budget and economic projection, the update of that projection, and the analysis of the president's budget) used to be released on a routine schedule. This meant that the press and other users could plan their activities around the release of these reports. This is no longer the case. It is not, however, CBO's fault that this has occurred. Since all deadlines in the budget process are routinely missed, the lack of predictable CBO

products is just collateral damage from a general lack of timely budgeting. For example, the president's budget is supposed to be released on the first Monday in February. This has not happened in nine years. The budget resolution is supposed to be adopted by April 15<sup>th</sup>. This has not happened in 20 years, and in nine of those, there was no budget resolution at all (Congressional Research Service, 2022). Finally, the appropriation bills should be passed and signed into law by October 1. This has not happened for 25 years. The failure to adhere to this last deadline likely explains much of the lateness of Presidential budgets, which then creates a domino effect with respect to CBO products and the budget resolution. It also results in the CBO baseline being out of date because it is based on numbers in a continuing resolution, rather than a regular appropriation. It should also be noted that the budget process has more, and better, information than ever before, but the demand for this information has been in decline for many years (Joyce, 2008).

The fiscal challenge that the country faces is a long-term one, which means that CBO needs to continue to be prepared to advise the Congress on the long-term implications of both current policies and proposed solutions. To that end, continuing to invest in long-term forecasting will be important. The recent practice of publishing long-term projections annually needs to continue, and the Congress needs to make sure that CBO has the resources to focus not only on supporting the annual budget process, but providing data that inform the search for longer-term solutions.

## Conclusion

It is reasonable to question whether the Budget Act is asking the Congress to do something—set overall budget priorities rather than focus on narrow political or parochial interests—that it is just not well suited to do. This argument was advanced almost 35 years ago by Louis Fisher (Fisher, 1990), and it might be reasonable to conclude that in our current hyper-polarized environment it is even less likely that congressional budgeting—in a macro sense—can be successful. Fisher's argument was that it was presidential leadership that promoted fiscal responsibility, and that expecting fiscal responsibility from the Congress was unreasonable. It should be noted, however, that presidential responsibility itself can be elusive, and one can come up with more examples of presidents who did NOT embrace fiscal responsibility than those who did.

So, if we do not conclude that congressional budgeting is hopeless, what does that mean? Unquestionably the Congressional Budget and Impoundment Control Act has fundamentally altered the relationship between the executive and legislative branches, as anticipated by the drafters of the law. The Congress is now better informed, and better able to operate on an equal footing with a given president. If the reform has not led to anything resembling budget control, much less fiscal responsibility (and it has not), this is in large part because the budget resolution, and Budget Committees, have frequently not taken the opportunity to exercise their role in setting fiscal policy, rather than focused on political posturing. If the Congress is to play a credible role in setting fiscal policy, particularly given the current and projected future trajectory for the debt, it needs to take that role seriously. This means making use of the resources it has not to simply score political points, but to make decisions that are in the long-term public interest. Otherwise, we may have to acknowledge the 1974 Act, as Fisher predicted, as largely a failed experiment.

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