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Strengthening the Budget Committees:
Institutional Reforms to Promote Fiscally Responsible
Budgeting in Congress

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The Congressional Budget and Impoundment Control Act of 1974 (CBA) coordinated budgeting decision-making in Congress as it never had been before. The theory behind this coordination was that the budget resolution created by CBA would allow Congress to set overall fiscal policy and adhere to fiscal discipline. The budget committees, created to manage the budget resolution, were charged with being the guardians of overall fiscal policy in Congress.

After some early growing pains, the budget resolution clearly established itself as the means by which Congress enacted overall fiscal policy. Moreover, it represented an important vehicle through which Congress, when it wanted to (or was encouraged by the president), enacted legislation to enhance fiscal responsibility, mainly through the use of the budget resolution's reconciliation procedures. Reconciliation was front and center when important deficit-reducing legislation was passed and signed into law in 1990, 1993, and 1997. More recently, however, the budget resolution process has become dysfunctional. Three problems stand out:

- Congress has fallen into a pattern where the budget resolution is viewed as “optional”. This is a striking departure from past practice. From the advent of the budget resolution in fiscal year 1977 through fiscal year 1998 (that is, the first 22 years), there was *always* a budget resolution, although these resolutions were frequently late. Since fiscal year 1999, however (a span of 13 years), there have been *five* separate occasions when Congress failed to adopt a budget resolution at all. This represents not only a failure of Congress generally, but suggests that the budget committees may not possess enough power to make adoption of the budget resolution the imperative that it should be.
- While the budget resolution was used to impose or promote fiscal discipline in a few notable cases, especially during the 1990s, it has since 2001 been used to make deficits larger. For example, the Bush tax cuts of 2001 and 2003, and the expansion of Medicare to provide prescription drug coverage in 2003, were all enacted using the budget resolution's reconciliation procedures.
- Even when the budget resolution was used to impose fiscal discipline on other committees in Congress through the use of the reconciliation process, this was usually done without much enthusiastic support from these other committees. Deficit-reducing actions in one year might have been followed by attempts to undo this deficit reduction in subsequent years.

As the Peterson-Pew Commission on Budget Reform has documented in two major recent reports (Peterson-Pew Commission 2009, 2010), the country needs to confront both medium- and long-term federal budgetary challenges. In the context of doing so, it is vitally important for Congress to have a budget process—and budget institutions—that can foster the kind of decisions that will enable the country to meet those challenges. The budget committees, in their current incarnation, seem not up to this task. This seems clearly not for lack of trying, but rather due to lacking the political clout necessary to lead other committees to take actions that will certainly result in raising taxes or cutting spending, contrary to the immediate political interest of committee members and their constituents.

The question of interest in this paper is whether there are alternative institutional arrangements that might make it more likely that the budget resolution can live up to its original promise. In particular,

the paper will describe the reasons for the creation of the budget committees and the budget resolution, and lay out some of the history of the resolution in practice. This will lead into a section of the paper that outlines the current problems with the budget resolution, prior to discussing various alternatives that have been suggested for changing institutional arrangements in a way that might make the budget process function better. In particular, the paper will explore the idea of converting the House and Senate Budget Committees into ones that explicitly include the chairs and ranking members of the key committees in each house, with the goal of making the budget resolution more likely to gain the support of other key committees. An alternate arrangement such as this might result in the budget committees being better able to satisfy their original purpose, which was to promote fiscal responsibility by enabling Congress to take and enforce a comprehensive view of the budget.

To be sure, these kinds of institutional changes alone will *not* return the budget to equilibrium. The current imbalance that exists can only be dealt with through an exercise of political will by the president and Congress, as well as through sacrifice by the American people. *Any* reform to the budget process should aim to make it more likely that a new budget equilibrium can be sustained and not be seen as some magic elixir that will *cause* this equilibrium to be achieved. The purpose of considering a reform of the budget committees is to determine whether they might, going forward, be more institutionally capable of realizing the promise envisioned by the 1974 budget reform that created them.

Background of the Budget Committees and Budget Resolution—the Congressional Budget and Impoundment Control Act of 1974

The 1974 budget law came about at the conclusion of what Schick described as the “seven-year budget war” between the executive and legislative branches, which came to a head in the Nixon administration (Schick, 1980), and was probably best exemplified by fights over Nixon’s use of impoundments. The Constitution, in Article I, vests Congress with what is normally referred to as the “power of the purse” (although this language does not appear in the Constitution), which is used to describe various provisions having to do with budgetary powers. The most often-cited of these is the provision, in Section 9, stating that “(n)o money shall be drawn from the Treasury, but in consequence of appropriations made by law.” (United States Senate, Committee on the Budget, 2006, p. 19). Alexander Hamilton predicted in the *Federalist Papers* that this power would tend to allow Congress to overcome “all of the overgrown prerogatives of the other branches.” (Havemann, p. 3).

The decentralization of budget responsibility that developed over the early history of the republic worked against the comprehensive consideration of the budget. Perhaps the key action leading to decentralization was the decision in 1865 by the House of Representatives to break up its Ways and Means Committee. This committee had been responsible for *all* taxing and spending. The House appropriations committee was created to remove some of the burden from Ways and Means, but this separated revenue and spending decisions from each other. The Senate followed suit by creating the Senate Appropriations Committee in 1867 (Joint Study Committee on Budget Control, 1973). During the period between 1865 and 1885, dissatisfaction with the power exercised by the appropriations committees boiled over into open revolt (Stewart, 1989). This resulted in a decision in 1885 to strip

House Appropriations of control over six spending bills and transfer that authority to authorizing committees (Havemann, 1978). The Senate also followed suit by stripping Appropriations of control over some spending programs (Joint Study Committee on Budget Control, 1973).

The committee system had long been viewed as the defining organ of congressional policy. Woodrow Wilson claimed that these committees were “independent islands of legislative power maintained by the seniority system and safe seats, and members are beholden to neither president nor party leaders.” (LeLoup, 1980, p. 11). One important implication of the decentralized structure for budgetary consideration is that it tended to work to the advantage of committee chairmen, who were unlikely to face challenges to control the parts of the budget under their jurisdiction (Havemann, 1978, p. 15). The authorizing committees responded to this by taking more and more spending outside of the appropriations process through borrowing authority, contract authority and entitlement spending (LeLoup, 1980).

In 1946, as part of the larger Legislative Reorganization Act enacted in that year, Congress attempted to remedy the problems created by these earlier decisions by requiring that the spending and tax committees of the House and Senate meet each year as a large Joint Committee on the Legislative Budget, and craft a budget resolution to be reported by February 15th. This budget resolution was to contain both a floor on revenue and a ceiling on spending. This process was ineffective in practice, and was discarded entirely when the Democrats regained control of Congress after the 1948 elections. In the end, the main legacy of the 1946 act for budget reform was that it provided would-be 1970s reformers with a model of what *not* to do (Havemann, 1978). In particular, one of the factors that doomed the 1946 budget reform effort was the unwieldy size of the Joint Budget Committee, which had more than 100 members (United States Senate, Committee on the Budget, 2006).

The proximate cause of congressional interest in budget reform in the early 1970s was President Nixon’s expansive use of impoundments. Beyond this, however, there was a general recognition that the continued fragmented attention to the budget, coupled with the increasing amount of “backdoor” spending, meant that Congress lacked the capacity to deal with the budget as a whole. Senator Sam Nunn (D-GA) was characteristic of those expressing such concerns when he argued that “the people of this nation recognize that Congress has in reality lost control of the budget.” (LeLoup, 1980). Congress had passed limits on expenditures in 1969 and 1970, which were exceeded in both years. In fact, President Nixon’s increasing use of impoundments was, in his view, a direct result of the failure of Congress to adhere to the spending ceilings (Ippolito, 1981). Others would suggest that his interest in impoundments was primarily driven by his general assertion of almost imperial powers (Schlesinger, 1973).

Congress appointed a Joint Study Committee on Budget Control in 1972 to examine various reform ideas and recommend specific reforms to Congress. This committee, in its April 1973 report, decried the fact that deficits had become the norm in the federal budget, and had been growing in recent years, arguing that “the failure to arrive at congressional budgetary decisions on an overall basis has been a contributory factor in the size of these deficits.” (Joint Study Committee on Budget Control, 1973, p.8). LeLoup argued that “the fragmented process was inherently irresponsible in terms of totals. If the

budget process was a battle of the whole against the parts, there were no soldiers on the side of the whole.” (LeLoup, 1980, p. 17). The problem here was not only a problem of the control of the whole budget, but of the inability to trade off priorities against each other.

The Joint Committee embraced the creation of a budget resolution, overseen by budget committees in each house, as a solution to the problem of fragmentation. The budget resolution was designed to express the overall will of Congress on budget issues. They were to marshal the budget resolution through Congress, as well as to enforce compliance with its strictures. Specifically, the resolution could be enforced through points of order, which would make it more difficult to enact legislation that was inconsistent with the resolution (Lee, Johnson, and Joyce, 2008).

The CBA underwent a number of changes as it made its way through Congress. Ultimately, however, it passed Congress and was signed into law by President Nixon in July of 1974. The bill that became law structured the budget resolution as a “concurrent resolution” that established the overall outline of the budget (a concurrent resolution is a piece of legislation that governs action by both houses of Congress but cannot become law, so it does not require the president’s signature). The resolution would represent a “blueprint” for the budget, showing aggregate budget numbers—revenues, budget authority (the authority to commit the government to spend money), outlays (the actual spending of funds out of the Treasury), the overall target (budget deficit or surplus) and government debt. Following passage of the concurrent resolution in the spring, Congress would then revert to its old procedures. Committees in Congress needed to adopt individual pieces of legislation affecting revenues and spending within the constraints imposed by the budget resolution. Subcommittees of the appropriations committees considered specific appropriation bills, and the revenue and authorizing committees responsible for mandatory spending considered their portions of the budget. Congress also could choose, as a part of the budget resolution, to invoke reconciliation procedures, which would force changes to be made to revenue and mandatory spending legislation.

The Joint Study Committee had recommended that the House Budget Committee have 21 members and the Senate Budget Committee have 15 members. The membership would in each case be drawn in three equal measures from the appropriations committees, tax-writing committees and rank-and-file members of Congress (Senate Committee on the Budget, 2006, p. 31). Under the enacted CBA the House Budget Committee would consist of 23 members—5 from Ways and Means, 5 from Appropriations, 1 each from the majority and minority leadership, and 11 from the House at-large. The Senate Budget Committee would have 15 members chosen by the Democratic and Republican caucuses. Congress rejected the notion of creating any “super-committee” (one that would take on, for example, all taxing and spending), partly because the membership of the Joint Study Committee was dominated by members from the Senate Finance, House Ways and Means and Appropriations committees (LeLoup, 1980).

The budget committees have expanded in size over time. The House Budget Committee has 39 members as of 2010; interestingly, the increase has come entirely from expanding the at-large contingent. This increase came gradually by the adoption of various House rules, which increased the size of the committee to 25 (94th Congress--1975), then 30 (97th Congress--1981), then 31 (98th

Congress--1983) then removing limitations on the number of members altogether (99th Congress--1985). At present, the committee still only has five members each from Ways and Means and Appropriations, two from the leadership, and one from the House Rules Committee (this latter requirement was added in the 108th Congress in 2003). In practice, the ability of the various party caucuses to choose budget committee members has expanded substantially over time. Indeed, while the original law had 12 of 23 members specified as either members of other committees or of the leadership, currently only 13 of 39 members are so specified. The Senate Budget Committee now has 24 members, still chosen by party caucuses. The increase in size of the Senate Budget Committee similarly occurred as a result of decisions made, on a Congress-by-Congress basis, to have the budget committees reflect the overall balance of power in the Senate. For example, by 1979 the number of Senate Budget Committee members had increased to 20, and it has fluctuated between 21 and 25 since.

It is important to understand that, probably owing to the membership of the Joint Study Committee (of the 32 members of this committee, all but four of them served either on the appropriations or tax-writing committees), the 1974 budget reform did not interfere in any way with the jurisdiction of any committee over pieces of the budget. Rather, it “established budget committees to help Congress fit all that legislation into the mold of a coherent budget policy.” (Havemann, 1978, p. 17). Congress intentionally created budget committees that would have difficulty exercising control over the existing money committees. Another indication of the reluctance of Congress to interfere with the existing committee structure involved the provision that the budget resolution specify functional allocations (Ippolito, 1981). These limitations neither related to the organization of the congressional committees, nor did they reflect the organization of the executive branch.

The Budget Resolution and Budget Committees in Practice

Elsewhere, Meyers and Joyce have described the history of the congressional budget process as being divisible into three “geologic” periods—the Bedrock Period (through 1980); the Orogenic Period (1981-97), and the Erosion Period (since 1998) (Meyers and Joyce, 2005).

The Bedrock Period was one in which the structure and institutions were established, and where Congress tried to come to grips with these new institutions that existed uncomfortably with the older and more established ones. The budget committees were expected to be relatively weak, and rank-and-file members tended to be somewhat junior (as opposed to chairmen or ranking members of important committees). The process was intended as a discipline where committee actions would be consistent with overall budget targets, as set out in the resolution. The budget process during these years was not dominant; it was viewed as relatively unimportant and did not normally force committees to do anything they would not have done anyway.

During the **Orogenic Period**, on the other hand, the budget process was dominant. Starting with President Reagan’s use of reconciliation in 1981, the budget resolution became perhaps *the* vehicle for enacting policy changes. Because the CBA establishes limits on debate for reconciliation bills, these bills became a preferred way around filibusters employed by the Senate minority. A partial listing of legislation during this period, which was enacted using reconciliation, speaks to its importance:

- The spending provisions (but not the tax cuts) that made up the 1981 Reagan economic program ;
- The 1990, 1993 and 1997 deficit-reduction bills that were instrumental in moving the budget from deficit to surplus by fiscal year 1998; and
- The 1996 welfare reform legislation.

Perhaps more importantly, from our current perspective, by the 1990s the budget resolution was able to consistently drive policy changes that resulted in fiscally responsible but politically unpopular budget changes, such as increasing taxes and reducing spending (albeit somewhat modestly). The use of reconciliation was almost exclusively driven by presidential proposals (such as the 1981 Reagan program and the 1993 Clinton deficit-reduction package) or the congressional leadership (which was true in 1997, on the heels of an unsuccessful attempt by the Republican majority to enact major changes driven by reconciliation in 1995). The norm has not been for significant budgetary legislation to be driven by the budget committees. This is not to say that there were not strong chairmen—such as Senator Pete Domenici (R-NM) and Representative Leon Panetta (D-CA)—beating the drums for fiscal responsibility in this most important period. In terms of setting the agenda resulting in significant budget legislation, however, the budget committees were not the generals, but rather the lieutenants—they carried out policies that were largely determined by the president and congressional leadership.

The **Erosion Period**, after 1997, has seen the budget resolution and budget committees either ignored entirely or used to worsen the overall fiscal outlook for the country. Two things can be seen as having eroded under this period. First, the budget outlook itself got progressively worse after the final of four consecutive budget surpluses in 2001. Deficits exploded by 2009 and 2010 when they hit 10 percent of GDP, then 9 percent, more than triple the average annual deficits since 1970 (Congressional Budget Office, 2010). Not only has the budget outlook deteriorated in the medium-term, but political leaders have failed to address the long-term fiscal problems associated with providing entitlement benefits to an aging population. Instead, the congressional budget process in many years appears to be a means of distributing earmarks, which increased substantially by the mid-2000s, on both the tax and spending sides of the budget (Meyers, 2007). Second, the budget process itself fell apart, as it suddenly became routine for Congress to either adopt a budget resolution that had the effect of *increasing* deficits or fail to adopt a budget resolution at all. As a separate indictment, largely unrelated to problems with the budget resolution, Congress has failed to adopt appropriation bills on time, with all bills having been passed prior to the beginning of the fiscal year for only three of the past 35 fiscal years (including fiscal year 2011, when the government will be financed through a full-year continuing resolution).

In short, the congressional budget process is designed to assist Congress in engaging in multi-year, fiscally responsible budgeting, but is much more likely to be short-sighted, and is not inclined to promote fiscally responsible budgeting. The budget resolution, far from promoting a coordinated view of the budget process emphasizing fiscal discipline that its proponents envisioned, has become ineffective. It is difficult for the budget committees, operating from a position of institutional weakness, to exercise any independent power over the rest of Congress. Rather, the budget resolution is

more likely to represent political theater, filled with meaningless “sense of the Congress” exhortations which have no teeth. The failings of the budget resolution and budget committees are just a reflection of the failure of responsible budget leadership that has characterized both ends of Pennsylvania Avenue, at least since 2001.

Options for Institutional Reform

Over the years, a number of reforms to the congressional budget process have been proposed that intend to change the institutional structure of Congress or increase the role of the president with respect to the budget resolution. There are three primary reforms that have been suggested that would change the institutional structure of the budget process and are thus germane to the topic of this paper:

- Reforms designed to streamline the budget process, specifically by combining the authorization and appropriations committees;
- Making the budget resolution a joint resolution, which would require the president’s signature; and
- Making the budget committees stronger, specifically by making them definite extensions of the congressional committee leadership.

These three options can be considered separately or in concert. There is no reason why all three reforms could not be accomplished as part of a broad reorganization of the budget process and/or committee structure. On the other hand, adopting one of them does not necessarily imply adopting two or even all three. This paper will treat them separately by initially discussing the first two, then considering the third in more detail, since it is the main focus of the current research.

Combining authorization and appropriations committees: Currently the federal budget process has, in effect, three stages: The consideration of the budget resolution (including reconciliation); the authorization of federal programs; and the appropriations process. Proposals to combine the latter two stages usually would restructure committee jurisdictions along functional lines (defense or health or education) with committees having jurisdiction over both mandatory and discretionary programs, and over both authorization and appropriations. Advocates of the reform normally point to the repetitive nature of budget decisions, particularly for discretionary programs. Every year, for example, there is both a defense authorization bill *as well as* a defense appropriations bill.

Within Congress, the biggest single effect of combining these committees is likely to be in the House, because appropriations is an exclusive assignment (by and large, House members who serve on appropriations cannot serve on other committees). This suggests that, in the Senate, the change might not much affect the cast of characters making decisions in many policy areas. In the House, however, combining the two committees could either reduce the number of House members involved in budget decisions (and tilt more toward those with greater seniority), or increase the number that are involved by spreading appropriations power over a larger number of committees. Combining the committees might also improve the quality of decisions if there was more of a focus on outcomes in the budget process that accompanied the reduction in fragmentation (this is by no means a given).

On the subject of fiscal discipline, which is the main point of this paper, the classic characterization of authorizers and appropriators (going back to the 1950s and 1960s) was that the authorizers were spending advocates, while the appropriators were “gatekeepers” or guardians of public purse strings (Fenno, 1966). Over time, however, it has become increasingly difficult to discern much fiscal discipline in either the appropriations or authorization process. If the new combined committees simply play the role of spending advocates (that is, if they behave like either the current authorization or appropriations committees), certainly we might not expect more fiscal discipline. If the new committees conceived their role as guardians, or if combining the committees reduced the “arms race” that currently can occur between authorization and appropriations committees (for example over control of highway funds), the consolidation *could* increase fiscal discipline.

A joint budget resolution: At present, the budget resolution is a concurrent resolution, which means it represents a set of rules designed to guide congressional action, but does not require the president’s signature. The main argument for a *joint* budget resolution (JBR), which would require the president to agree, is that it would facilitate negotiations between the president and Congress early in the budget process, at least on broad outlines of the budget (Meyers, 1991), which would be a positive event. Further, given that presidents have tended to be the actors in our system in the best institutional position to lead (Fisher, 1990), and that there are some examples (in 1990 and 1993) of deficit reduction heavily influenced by a presidential decision to pursue fiscal discipline, there is some appeal in the notion that involving presidents earlier would promote responsible budgeting. According to Meyers (2009) the best argument for a joint budget resolution is that “the concurrent resolution process ignores constitutional reality. If Congress plans budget totals that are different from what the president requests, it still has to pass legislation, which the president may then veto.” (Meyers, 2009, p. 3). For a joint budget resolution to work, it requires negotiation up front on the broad outlines of a policy that promotes fiscal discipline, and then follow-through by committees that translate this broad outline into specific policies to realize the budget resolution. If the joint budget resolution was used as a tool to promote fiscal discipline (if the president made fiscal discipline a top priority), it would have made that discipline easier to achieve.

A requirement that the president sign the budget resolution, on the other hand, might simply make it less likely that we will *have* a budget resolution in a given year. This seems a real concern, given the difficulties that already exist for Congress in adopting budget resolutions in a timely fashion, if at all. Having a joint budget resolution would probably promote gaining earlier agreement between the president and Congress in years in which they are inclined to agree with each other on the outlines of the budget. Alternately, if the president and Congress do not agree on even the broad outlines of policy (as seems likely during periods of divided government, which we have had for 24 of the 36 years since 1975), requirement for a joint budget resolution could stop the budget process dead in its tracks. A joint budget resolution simply front-loads conflict. The net outcome could be that a problem of relatively recent vintage—failure to agree on a concurrent resolution—would be exacerbated (and institutionally enshrined) by requiring a joint resolution.

Changing the membership of the budget committees: As noted above, the closest Congress ever came to having a leadership committee making budget decisions was after the Legislative Reorganization Act of 1946 when the Joint Budget Committee set revenue and spending totals for the budget. However, this process collapsed under its own weight (or under the weight of the size of these committees) by 1949, and the 1974 CBA tilted toward budget committees that were independent and more traditional, rather than being amalgamations of the committees.

Starting in 1987, Senator Nancy Landon Kassebaum, a moderate Republican from Kansas who cared deeply about Congress as an institution, introduced a resolution (applying to the Senate only) that would have created leadership committees in the Senate to replace the budget committees. The 1993 version of that resolution (S. Res. 13) would have made this change in the context of a much broader reform of Senate committee jurisdictions that included combining appropriations and authorization committees. These two reforms are separable (that is, it would be possible to reform budget committee membership without the authorization/appropriations merger) but for Senator Kassebaum it made most sense to link these two reforms. The Kassebaum proposal did not explicitly call for a joint budget resolution.

The Kassebaum proposal would have created a Senate Committee on National Priorities, with responsibility for drafting the annual budget resolution, subject to Senate approval. Kassebaum proposed that this committee consist of the chairs and ranking members of all Senate committees, except that the majority leader of the Senate would have had the authority to appoint up to five additional senators to serve on this committee in order to make its membership mirror the relative balance between the majority and minority parties in the Senate. This proposed legislation would also have abolished the appropriations committee by combining authorizations and appropriations into single committees by substantive area (Senate Resolution 13, 1993).

In a survey of members of Congress conducted in 1993, this reform generated the least positive reaction of several reform ideas presented to respondents, with 25 percent favorably disposed and 52 percent opposed to the idea. This put it far behind, for example, the idea of “sunsetting” entitlement programs, which was viewed favorably by 74 percent and negatively by only 17 percent. In fact, more members (31 percent) favored eliminating the budget resolution entirely (Joint Committee on the Organization of Congress, 1993). It is not surprising that members would oppose this idea if they believed that it would reduce the influence of rank-and-file members. In fact, opponents of this reform, such as former House minority leader Robert Michel (R-IL) point to the concentration of power in just a few hands as their main reason to oppose the idea of combining authorization and appropriations committees (Michel, 1993).

The idea of formally involving congressional leaders (but not necessarily committee chairs) in setting budget priorities had some precedent, at least in the House. During the Reagan era, Speakers Tip O’Neill (D-MA) and Jim Wright (D-TX) became more active participants in setting budget policy, largely to better position themselves to challenge the administration’s priorities (Palazzolo, 1992). LeLoup argued that leadership support was particularly important for the budget committees since they purport to set overall budget policy for Congress (LeLoup, 1979). Further, efforts to reduce budget

deficits and otherwise remake the federal budget in the 1990s had the clear stamp of the leadership. Specifically, the 1990 budget summit, which led to the Omnibus Budget Reconciliation Act of 1990, was an explicitly leader-driven package. Further, the reconciliation bill produced by the Republicans in 1995, when they took over the majority, was an explicit focus of the Contract with America, which was a 1994 mid-term election statement of the future agenda of House Republicans. House Speaker Newt Gingrich was able to get rank-and-file members to adhere to a remarkable degree of party discipline in getting not only the initial resolution, but the eventual reconciliation bill, through the House. Since 1999 budget resolutions have been hit-and-miss propositions. If Congress felt no urgency to pass them, they simply did not pass. The increase in party control of committee assignments led to an increase in the membership of the budget committees. The leadership, in exercising control over the committees, needed to be freer to appoint more members because they were trying to achieve numerous objectives and satisfy many constituencies.

The second report of the Peterson-Pew Commission on Budget Reform, *Getting Back in the Black* (Peterson-Pew Commission, 2010) explicitly embraced a change in budget committee membership as part of a broader set of reforms designed to develop a multi-year plan to achieve budget targets. This process would begin with the president and Congress agreeing to multi-year deficit and budget targets that are reflected in the budget resolution. While not explicitly arguing for a JBR, the Peterson-Pew Commission's plan clearly could be consistent with a joint resolution. Ultimately, the budget committees would include "House and Senate leaders and the chairs and ranking members of both the appropriations and revenue committees and other major authorizing committees (Peterson-Pew Commission, 2010, p. 13). This recommendation would clearly be targeted toward making it more likely that the budget committees would be invested in the fiscal goals that had been agreed to and would be committed to carrying out those goals in the subsequent legislation.

The Peterson-Pew report included the broad outlines of how to restructure the budget committees, but not the specifics. It may be useful, therefore, to list some additional details of the idea prior to discussing its prospects for improving the budget resolution process. According to its drafters, the following specifics were envisioned:

- The revised budget committees would include the chairs and ranking members of the appropriations and tax-writing committees in each respective house, representatives of the congressional leadership from each party, and the chairs and ranking members of other authorizing committees. The phrase "major authorizing committees" describes the committees with jurisdiction over major areas of spending (such as those with jurisdiction over defense, banking or health), or those in a given year that have significant legislation to consider (such as committees with jurisdiction over agriculture programs during years in which there is a farm bill).
- Members who serve on the budget committee would not have that membership count against any committee service limitations. This would be important in both the House (where members who serve on the Appropriations Committee cannot serve on any other committee) and the Senate (where committees are designated as "A" committees or "B" committees, with each senator currently permitted to sit on only two "A" committees).

- If the membership was drawn from the leadership (minority and majority leaders), the chairs and ranking members, the budget committee would, by definition, include an identical number of Democrats and Republicans. This would mean that the budget resolution could not pass on a purely party-line vote. This represents a substantial departure from budget resolutions over the past 20 years, which have normally been reported by the budget committees and adopted on the floor by party-line votes. Budget committees with equal numbers of Democrats and Republicans might, in practice, be a recipe for even more gridlock than at present. For this reason, it might be a more workable reform to have the budget committees reflect, in some way, the party control of Congress. This could be done by permitting one more member of the majority party (designated by the majority leader) to serve on the committee, or by having additional majority members appointed so that the partisan distribution of the committee matches that of the House or Senate.
- While broader congressional reorganization (such as combining appropriations and authorization committees) might be done in concert with this reform, the intent of the Peterson-Pew Commission members was to reform budget committee membership without a broader reform of congressional committees.

Impact of Budget Committee Reform

In considering the possible changes that might result in reforming the process of considering and adopting the budget resolution, we return to the three problems with the current resolution that were identified at the outset of this paper. First, Congress routinely fails to adopt budget resolutions at all. Second, even when they are adopted, they tend not to have fiscal responsibility or long-run sustainability as a major focus. More often, because reconciliation bills cannot be filibustered, they are vehicles for making it easier to enact legislation (such as the Medicare prescription drug benefit or the Bush tax cuts) that make the budget situation worse. Third, even when reconciliation bills are enacted, resulting in significant deficit reduction through tax increases and/or spending cuts, committees of jurisdiction are frequently unenthusiastic about enacting the legislation necessary to reach budget resolution targets. Further, these other committees may subsequently attempt to take actions that would have the effect of undoing the reconciliation bill's deficit-reducing actions. It is useful to consider the extent to which the change in committee structure envisioned by a reform in budget committee membership might lessen any or all of these problems.

1. Would reforming budget committee membership make it more likely that Congress would adopt a budget resolution every year? In practice, one of the most significant early challenges that faced the first leaders of the new committees in 1975 was attempting to get budget committee members to see themselves as guardians of the overall budget, as opposed to senators or representatives from their states. Senator Edmund Muskie (D-ME), the first Senate Budget Committee chair, said that his notion of a budget committee was of one that would pursue national priorities and a national agenda, rather than a narrow parochial one (Ippolito, 1981).

Given that setting fiscal policy is arguably the most important ongoing responsibility of Congress, promoting its ability to actually carry out that responsibility seems particularly crucial. Adopting the

annual budget resolution currently is a function of the ability of the House and the Senate to agree on a set of priorities. If congressional leaders, including committee chairs and ranking members, are on the budget committees, a potential additional imperative for passage might occur. *That is, if the resolution was explicitly a responsibility of the leadership, the failure to adopt might be seen as an explicit failure of the congressional leadership.* This would presumably carry greater political weight than the failure of a budget committee to pass a budget resolution does at present.

The argument that this change in budget committee membership would promote the adoption of budget resolutions, and that this responsibility would be taken seriously, rests on a new model of the budget committees. Under this model, the committees are fully independent power centers, high in the congressional hierarchy, capable of imposing highly disciplined policies on other committees. The budget committees would then truly behave as the drafters of the budget act intended, but the probability of success is improved by the enhanced power that accompanies their role as committee leaders.

This additional pressure for adoption, however, would likely only be realized if the committee had more members from the majority than the minority party. At present, often the *only* reason that a budget resolution passes is that it can be passed on a strict party-line vote; an explicitly bipartisan budget committee would likely result in the budget resolution only passing when there is bipartisan support. This is, of course, the *intent*, but it does raise the important question: what will create the incentive for bipartisan adoption of a budget resolution if it is not simply a reflection of one party's priorities?

If, particularly under a bipartisan constraint, the budget resolution is to be adopted, it would seem crucial to create some less palatable alternative that would kick in when Congress fails to adopt a budget resolution. If this failure triggers an alternative that is sufficiently abhorrent to Congress (on both sides of the aisle) it will create an incentive to reach agreement. Under the Peterson-Pew proposal, for example, automatic triggers are envisioned that would result in broad-based tax increases (presumably anathema to many Republicans) and spending cuts (presumably equally problematic for many Democrats) (Peterson-Pew Commission, 10). For a bipartisan budget resolution to be adopted, it would seem particularly important to have these or some similarly objectionable triggering event to prevent the proposed budget committee change from making enactment even less likely. All things considered, it seems more desirable to give the majority a plurality of members on the budget committees in order to promote the passage of the budget resolution.

One other point seems worth making here. Chairs and ranking members are probably too busy to attend committee hearings or take an active role in budget committee deliberations unless the stakes are sufficiently high. This means that a change in membership probably would carry with it a decline in the capacity of the budget committees to hold hearings on behalf of Congress to inform future fiscal policy and educate both Congress and the public. It seems more likely that the budget committees would gear up when there was significant legislation being considered, but otherwise would be dormant. This could represent a real loss to Congress and the country, as in practice there would cease to be committees that saw their role as taking a longer-term view, independent of the passage of the annual budget resolution.

2. Would the reform make it more likely that such a budget resolution would take a fiscally responsible stance? Historically, fiscally responsible budget resolutions—as those adopted in 1990, 1993, and 1997—occur as a result of both presidential and congressional leadership. In 1990, President Bush and congressional Democratic leaders convened a “budget summit” where a multi-year agreement was reached. In 1993, President Clinton led what resulted as a purely partisan (but interbranch) effort. In 1997, on the heels of the rejection of a Republican-led deficit reduction effort in 1995, and the subsequent reelection of President Clinton in 1996, the two parties worked together on a bipartisan deficit reduction bill—the last of its kind to date.

Fiscal responsibility usually involves inflicting pain. It involves taking away benefits from people who do not want to lose them or imposing taxes on people who do not want to pay them. It seems essential that it begin with an agreed-upon fiscal goal, such as a debt that is no greater than 60 percent of GDP, as advocated by the Peterson-Pew Commission (Peterson-Pew Commission, 2010). Absent agreement on a goal and the commitment of the president and congressional leaders to achieving it, it is folly to expect that the budget committees, however constituted, can force Congress and the president to adopt a fiscally responsible stance. Thus the crucial, preceding step is agreement on this goal. Once the goal is agreed upon, it is presumed that the president and Congress will feel politically pressured to adopt budget policies that are consistent with that path. It seems appropriate to point out, however, that there is nothing in particular about this new membership model that suggests that they are likely to behave in a more fiscally responsible manner than the current members of the budget committees. There is some argument that committee chairs and ranking members might be *less* fiscally responsible, as they have a clearer stake in the outcome. For this reason, it seems particularly important to have explicit or implicit enforcement mechanisms that are themselves sufficiently painful (in fact, more painful than the policies that they would substitute for) in order to create incentives for members of Congress to fall in line behind a budget resolution, especially one that includes painful deficit reduction.

3. Would reform of the budget committees make it more likely that those whose legislative assent is necessary would support reconciliation instructions to reduce the deficit? From the beginning, the congressional budget process has been notable for the tension that it has created between the budget committees and other committees in Congress. This was initially reflected in an effort to keep the budget committees relatively weak. As discussed above, it initially extended to making the budget committees (in the original Joint Study Committee proposal) little more than extensions of the appropriations and tax-writing committees. As the membership of the budget committees expanded to include more junior members and those from committees other than Finance, Ways and Means and Appropriations, this carried with it increased inter-committee tension.

This tension is particularly evident in reconciliation, where the budget resolution sets targets and provides instructions to authorizing committees, which need to follow these instructions in good faith in order to promote a fiscally responsible path. If their response is to delay actions and use budget gimmicks to comply with the letter of the reconciliation instructions but not their spirit, it can undermine the fiscally responsible stance that the budget resolution intends to achieve.

For the budget committees to work as intended, they must have their eye on the big picture. They must follow up with vision and convince other committees to go along with this vision. By explicitly including the chair and ranking members of appropriate committees as members of the budget committees, these members will have ownership of the budget resolution, which will make them more likely to take seriously the necessity to go along with it. In addition, the leadership will be held accountable to a greater extent than is currently the case, since they will have a clear responsibility for the resolution.

While a discussion of budget enforcement procedures is somewhat beyond the scope of this paper, it seems important to point out that, in addition to creating incentives for committees to pass legislation consistent with the budget resolution to begin with, it is important that they be discouraged from fighting subsequent “rear guard” actions in an attempt to undo the actions enacted as a result of the budget resolution. It is assumed, once again, that their ownership of the budget resolution will create incentives for them to adhere subsequently to its strictures. In addition, however, it seems prudent to enact a set of enforcement procedures to backstop this commitment. It seems most appropriate for these reforms to follow the Budget Enforcement Act model that worked in the 1990s, with discretionary spending caps and a pay-as-you-go procedure, enforced through broad-based sequestration (Peterson-Pew Commission, 2010, p. 17).

Perhaps the most important point is this: Regardless of whether the resolution itself is more likely to be adopted under this new structure, *or* whether it is more likely to be fiscally responsible, the inclusion of the leadership on the budget committees is likely to smooth the translation of the budget resolution targets into the necessary legislation to meet those targets, *and* to promote future adherence to the path agreed upon in the budget resolution. Therefore, the most reliable positive impact of the reform would be to increase the ownership of other key congressional committees of the budget resolution and its vision for fiscal policy. This would have the greatest impact during years in which reconciliation is used to convert the budget resolution targets into legislative actions to increase taxes and cut spending.

Conclusion

The purpose of this paper has been to discuss issues related to budget committee membership over time, and to examine the types of reforms that might promote a more successful budget process in the future. The key assumption of supporters of reforming budget committee membership is that the budget resolution can be saved, but that its salvation is in part related to making sure that the budget committees are structured in a way that makes the budget resolution relevant again. Historically, the budget resolution has only been relevant when there was a broad commitment toward some particular budget policy. That budget vision might come from the president, as it has periodically. In addition to (and perhaps even instead of) the president taking the lead, leadership may come from within Congress. The assumption is that if leadership is going to come from Congress, it is likely to come from House and Senate leaders, *not* from members of Congress who may be assigned to the budget committees because assignments on more desirable committees were not available.

Even with that membership change, however, Congress does not have incentives to pass the budget resolution—particularly one that inflicts budgetary pain in pursuit of deficit reduction—unless there are explicit (such as automatic tax increases and spending cuts) or implicit (the prospects of being held accountable by the voters) sanctions. There is no conceivable circumstance under which reforming budget committee membership alone can *create* the political will necessary to adopt fiscally responsible policies. Any change from such a reform would only be at the margin, and would only be effective in maintaining some new equilibrium, not in achieving one. In short, no change to the budget process is going to get us out of the mess we are in. The most that could occur is that changes in the process would create an environment more conducive to maintaining an overall view of the budget that promotes fiscal responsibility. A far more certain positive impact of changing budget committee membership, then, would be to promote ownership of the budget resolution, and therefore the future actions necessary to convert that budget resolution into legislation that could implement fiscally responsible policies.

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