

Federal Budget Process Reform

Statement of Paul L. Posner

Chairman Price, Ranking Member Van Hollen and Members of the Committee,

I want to thank you for inviting me to share my thoughts with you on budget process reform. I commend the Committee for taking on this important and challenging project.

Apart from the valuable technical support provided by the Congressional Budget Office, the current budget process has increasingly fallen well short of the system that was envisioned in 1974 when the Congressional Budget Act was passed. In many respects, the failure of the budget process reflects underlying failures of our political process itself – record levels of gridlock and polarization between our parties and exploitation of remarkable levels of transparency and visibility by highly organized groups from all sides of the policy space. Yet, we can't wait for the political system to change to fix the budget process because the stakes are too high. Unlike most areas of public policy, the budget requires action every year. Simply put, the failure to budget can cause the government to shut down at worst or give rise to a crippled government that lives on a short term leash, unable to plan or provide the levels of public service we rightfully expect.

So the challenge you face is how to reimagine a budget process that can enable the Congress to achieve three important objectives (1) set fiscal policy likely to keep the nation's economy on a sustainable course, both for today and the longer term (2) allocate resources to assure that scarce resources are used to support the highest priorities and (3) ensure that government is equipped to deliver public services in the most efficient and effective way possible. I am well aware that the venture you have undertaken has to not only satisfy public policy objectives, but also must ensure that whatever process reforms are proposed gain sufficient political support.

I would add that you aren't alone in this venture. A number of veterans of the budget process have been working over the past year through a National Budget Roundtable chaired by Stuart Butler, now of the Brookings Institution, and Maya MacGuinness, President of the Committee for a Responsible Federal Budget, and myself. With seasoned former officials like Alice Rivlin and Rudy Penner, we collectively launched a multi year effort supported by the William and Flora Hewlett Foundation designed to bring in new ideas from academic fields like political science and behavioral economics as well as experiences of other nations struggling with fiscal challenges. My testimony draws from some of the papers and briefing sessions we have held so far.

The Problem is the Problem

Rudy Penner once advised that the process is not the problem, the problem is the problem. This is axiomatic but something we often forget.

Crafting well designed process reform has become more difficult in recent years because the budgeting "problem" has become more difficult. Indeed, through most of our fiscal history, there was broad consensus across parties on balanced budgets. In fact, the budget was in balance or surplus from the founding of the republic to the late 1960's, except for those times marked by major economic crisis and war. While difficult to imagine, the budget process we had for most years of our Republic, was a singular bastion of stability and consensus. Appropriations and revenue committees had strong traditions of cross partisan consensus, stocked with members from safe seats who imagined themselves as fiscal guardians for the Congress.

A budget process that once prized agreement and stability now has become destabilizing to the broader government and the economy. The "civil religion" of

budget balance was defrocked after 1970, as the nation experienced nearly three decades of deficits in the absence of great wars or recessions. The growth of entitlements, the greater public pressure on presidents and members of Congress to deliver an expanding range of publicly funded programs within a low tax framework all made it more difficult to achieve this fiscal balance norm. Moreover, the goal of balancing the economy became an important norm for budgeting, accepting the need for deficits during recession.

The tradeoffs and hard choices that budgeting requires are far more difficult to achieve under our current political system than the one we had when the Congressional Budget Act was passed in 1974. The virtual fish bowl of media and interest group coverage makes forming coalitions and winning necessary concessions far more difficult and even politically hazardous for members and presidents alike. The disappearing middle in Washington removed the ballast that is often so essential to bring about fiscal order from the political cacophony that is Washington today.

Ironically, as the political system became more conflictual, formal rules and structures became more essential for budgeting. Members needed more formal institutions to enable them to make the hard choices and tradeoffs that were once embedded in folkways, centrist coalitions and other more informal institutional arrangements. However, the fact that budget process had become more central to budgetary decision making also made the budget process more vulnerable and less sustainable. Budgeting has become less an arena to solve fiscal and policy problems together and more of a staging area where positions are taken for primary constituencies and other audiences far removed from running the government.

This is not to say that fiscal balance and restraint cannot occur. To the contrary, deficits have been reduced and even eliminated at times, but only on an episodic basis. In the 1990's, Congress and the president were able to agree on fiscal consolidations that collectively resolved deficits and moved the nation to four years

of budget surpluses. Paradoxically, the experience of the 1990's illustrates that divided government can at times provide cover for making hard choices. Two of the three major deficit reduction actions during that decade occurred under a divided regime.

This dynamic illustrates that the consistent budget balance norm has been replaced by what we might call the thermostatic model of budgeting. As Allen Schick has pointed out, we collectively come to grips with deficits only when they rise to alarming proportions. But as Schick notes, the self-correction works in both directions. As surpluses emerge, we reverse fiscal course, expanding spending and cutting taxes. ¹ Like with many marriages, setting the thermostat has become contentious - many economists advise us to set the thermostat to trigger deficit reduction during times of full employment but it is difficult to gain public traction for fiscal sacrifice when the sun is shining, so to speak.

This pattern of off-again on-again fiscal restraint may be all we can expect in a polarized system characterized by divided government. However, we pay a steep fiscal price for the delays, gridlock and crisis oriented governance that this regime imposes. Far from taking the opportunities presented to address long standing fiscal challenges and policy problems, we and other nations often use periods of fiscal calm to create new commitments on both the spending and revenue sides of the budget, exacerbating long term fiscal imbalances in the process.

The Process is the Problem

Has the process helped or hurt in our effort to address fiscal problems?

Notwithstanding Rudy Penner's admonition discussed above, budget process can aid or hinder our collective capacity to solve budget problems. Gramm Rudman Hollings offers an object lesson of process reform that went awry when we adopted

¹ Allen Schick, *The Federal Budget: Politics, Policy, Process*, Third Edition, (Washington, DC: Brookings, 2007)

fiscal targets – balanced budgets in this case – that were symbolically alluring but practically unenforceable. The 1990 Budget Enforcement Act, on the other hand, was more constructive for it provided a framework to enforce budget goals agreed to by the President and Congress, not one to force agreement where none existed.

Looking back to the Congressional Budget Act of 1974, the process largely succeeded in addressing one problem by rebalancing power between the President and Congress. Armed with its own highly credible budget office, Congress became a contestant in an annual battle for fiscal position and positioning. Adapting the reconciliation process, Congress was able to periodically alter the course of existing entitlements that had grown unchecked over the years.

However, the current budget process has either been unable to resolve other problems or has exacerbated those problems:

--**Delays and stalemates** - Congress has failed to adopt a budget resolution nine times since the 1974 Act. As Phil Joyce notes in his statement, we have largely been operating government on temporary continuing resolutions for most years since the 1970's. The GAO just issued a report on the costs of the debt limit for the economy, noting that the uncertainty associated with the 2013 debt limit passage increased federal borrowing costs as borrowers avoided affected Treasury securities, raising their rates. ² Simply put, the budget process has been unable to insulate itself from the rising levels of polarization that have gripped the nation at all levels of government. Thus, the failure to budget has become a metaphor for the underlying national disenchantment with government itself.

--**Slippage in implementation of Congressional budget goals** - The Congressional budget process built in a tension between the whole and the parts of budgeting. Like the public they serve, Congress often reflects ambivalence between

² Government Accountability Office, *Debt Limit: Market Response to Recent Impasse Underscores Need to Consider Alternative Approaches*, GAO-15-476, July, 2015.

its support for broad fiscal constraints and its support for many of the spending and revenue programs of the government. Thus, for instance, discretionary spending ceilings in the budget resolution lose their appeal when translated to specific appropriations cuts and other actions. The result is either the failure to pass appropriations bills under regular order or the use of “gimmicks” to sidestep the constraints. The expansive use of emergency spending can provide room beyond the caps for certain discretionary spending, while exemption of certain legislation from the PAYGO scorecard enables new mandatory programs to increase deficits.³

--**The asymmetrical focus on discretionary spending** in the budget process. This sector often bears the disproportionate impact of fiscal targets and constraints while tax and spending entitlements continue to drift upward with little or no limits. Discretionary spending has declined from 9.3 percent of GDP when the Budget Act was passed in 1974 to less than 7 percent today while mandatory programs have doubled during the same period to 13.5 percent of GDP. Tax expenditures are estimated at 8 percent of GDP, exceeding discretionary spending. Deficit reduction plans can achieve greater savings in a more balanced way if they are applied against a broader base including spending and tax entitlements, While cutbacks are never easy, they are likely to be perceived as more fair if levied against all claims in the budget affecting all major stakeholders. Fiscal history tells us that stakeholders are not likely to accept the legitimacy of cuts if they are singled out, raising fears that their sacrifice will be exploited by champions of other budgetary claims.

--**Limits on policy tradeoffs** – the current budget process is highly balkanized with high walls separating programs in discretionary, mandatory and tax expenditure sectors. Related programs for such federal policies as higher education assistance or low income housing are splintered across this fragmented budgetary landscape. While the budget resolution discusses the 19 budget functions that provide a mission oriented framework integrating related programs across the budget, these

³ See Committee for a Responsible Federal Budget, *The Better Budget Process Initiative: Strengthening Statutory Budget Enforcement*, June 25, 2015

potentially helpful categories are not, in fact, used to prompt appropriators or authorizers to consider how to allocate scarce resources across these competing programs. The inventory of duplicative and overlapping programs compiled periodically by GAO is one reflection of rampant fragmentation across the federal landscape in programs addressing common goals. ⁴

--**Short term focus** – Much of the budget process has historically had an annual short term focus, with primary attention paid to annual appropriations ceilings and actions. A medium term framework has been adopted, however, for the occasional comprehensive budget agreement and for PAYGO scoring – a notable development that has had salutary effects on fiscal outcomes. Nonetheless, even a ten year focus is insufficient to capture the longer term fiscal gaps facing our nation. Latest CBO models show that debt held by the public will rise to over 100 percent of the economy over the next twenty years. Staring down the barrel of long term fiscal deficits accompanying the retirement of the baby boom, the budget process has largely failed to address these issues through the adoption of long term fiscal targets or other incentives to focus policymakers on the forces gathering at our fiscal horizon.

Agenda for Reform

It is one thing to proclaim the shortcomings of existing budget processes and another thing entirely to propose solutions. I want to take this opportunity to suggest reforms that can reinvigorate our collective capacity to perform three time honored functions of budgeting: (1) set fiscal goals, (2) allocate resources across competing purposes and (3) promote efficient and effective government.

⁴ Government Accountability Office, *2015 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap and Duplication and Achieve Other Financial Benefits*, GAO-15-404SP, April 2015

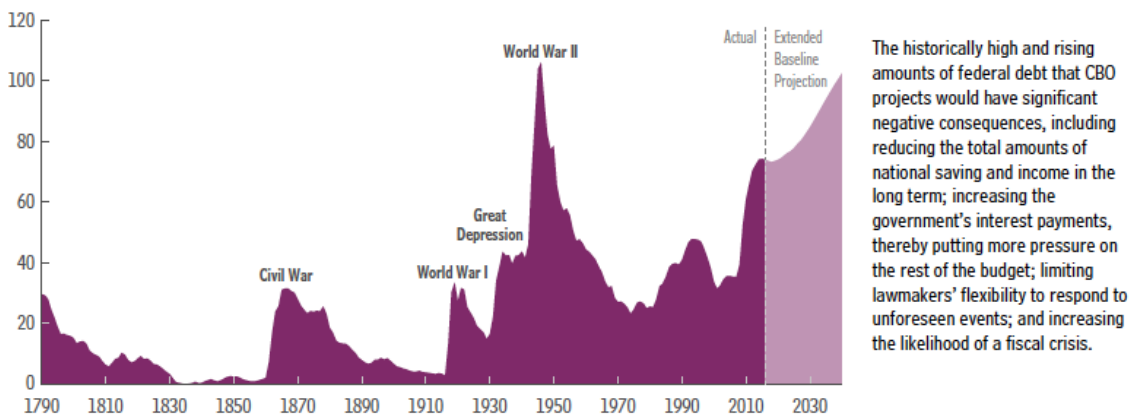
Overcoming Stein's Law

I say this with tongue firmly planted in cheek because it refers to the work of one of the most esteemed economists, the late Herbert Stein. He once suggested that if a trend is unsustainable, it will stop. What does this have to do with this hearing?

The United States faces a fiscal outlook that has been viewed as unsustainable over the longer term. An aging population and rising health care costs will, in the absence of policy changes, bring about a future of deficits and debt rising to unsustainable levels, as shown in CBO's recently published chart below. As these spending pressures accumulate, a smaller cohort of workers will be left behind to finance these costs. Assuming that taxes remain at recent levels of 18 percent of GDP, this would only cover federal checks for the elderly, their doctors and bondholders. Rising deficits would ultimately prove to be unsustainable, threatening to crowd out private investment while interest payments on the rising debt would, in effect, crowd out other emerging public spending priorities.

Federal Debt Held by the Public

Percentage of Gross Domestic Product



The historically high and rising amounts of federal debt that CBO projects would have significant negative consequences, including reducing the total amounts of national saving and income in the long term; increasing the government's interest payments, thereby putting more pressure on the rest of the budget; limiting lawmakers' flexibility to respond to unforeseen events; and increasing the likelihood of a fiscal crisis.

Source: Congressional Budget Office. For details about the sources of data used for past debt held by the public, see Congressional Budget Office, *Historical Data on Federal Debt Held by the Public* (July 2010), www.cbo.gov/publication/21728.

Note: The extended baseline generally reflects current law, following CBO's 10-year baseline budget projections through 2025 and then extending the baseline concept for the rest of the long-term projection period. These projections do not reflect the macroeconomic feedback of the policies underlying the extended baseline. (For an analysis of those effects and their impact on debt, see Chapter 6.)

While Dr. Stein's law tells us that these trends will eventually stop, there is a corollary —how unsustainable trends stop matters. Will the unsustainable budget trends be reversed through a gradual process brought about by policy interventions or by a rude shock caused by economic forces over which we will have little control? Bringing about a more sustainable fiscal policy calls for early action that will pay dividends by addressing the growth of debt before it requires hasty actions in the face of an economic crisis. If started early enough, needed changes in spending and taxes can be phased in gradually, permitting people and businesses time to make adjustments in their own plans and expectations. Earlier action can reduce the costs of closing the fiscal gap. CBO estimates that merely keeping debt at current levels of 74% of the economy by 2040 would require budget cuts or tax increases of 1.1 percent of GDP if those cuts were made today. If the cuts were delayed ten years, the size of fiscal cuts needed would double to reach this debt target.

How do we take control of our fiscal future so that we can deal with these fiscal forces before a potentially wrenching crisis is upon us? Because the incentives to discount the future are deeply ingrained in all of us, we often need incentives and institutions to prompt future oriented decisions, whether it be giving up smoking or reversing risky societal and policy trends. The budget process can be designed to provide such incentives.

However, the current budget process does not have a robust set of incentives to deal with these long term issues. The PAYGO and discretionary caps deal with near term fiscal issues where Congress must take action to fund or authorize existing or new programs. These do not prompt Congress to reexamine existing open ended entitlements and tax expenditure programs which are the primary drivers of our fiscal future.

Several recent commissions have provided an agenda for long term budgeting.⁵ I would like to highlight several of the most important issues to consider:

- **Setting long term fiscal goals and targets.** The United States is among the few nations that does not have a fiscal goal or target pertaining to the overall fiscal position of the nation. Other nations have enacted a range of targets ranging from nominal deficit or fiscal balance rules to debt/GDP targets. In nations like Sweden and New Zealand, the adoption of overall fiscal targets, in concert with market pressures, helped reframe debates by justifying the case for fiscal sacrifice.

These other nations have shown that articulating broader economic and fiscal targets for the longer term can help provide visible guidance and impetus to take actions today to achieve this long term vision. These long term targets could be operationalized by anchoring them to the medium term ten year fiscal plans in the President's budget and the Congressional budget resolution. The targets or benchmarks could be revisited and adjusted periodically to account for changes in the economy, technical factors, policy changes, and political regime shifts. To enforce accountability for these goals, a look back process could be developed should the path toward the targets be missed, featuring either some kind of automatic cuts and/or revenue increases or an explicit vote requiring Congress to go on record supporting the deviation from the pathway. During times such as the Great Recession and its aftermath, we may very well decide that fiscal savings should be postponed to avoid risking recovery and GDP growth. Indeed, one advantage of a fiscal target expressed as a percentage of GDP, such as debt, is that it forces policymakers to both search for ways to reduce the growth of the numerator – for example debt held by the public – without collapsing the

⁵ Committee on the Fiscal Future of the United States, *Choosing the Nation's Fiscal Future* (Washington, National Academies Press, 2010); The Peterson-Pew Commission on Budget Reform, *Getting Back in the Black*, Washington, 2010

value of the denominator – GDP.

- **Considering approaches to reform open ended entitlements and tax expenditures** which are driving much of the long term fiscal outlook. Some have proposed that these programs be placed on a long term budget and revised every five years to account for shifts in demographic, economic and other policy trends.⁶ Once these programs are reformed, a set of long term triggers could be designed to keep the programs within budget estimates by a series of automatic, formulaic measures constraining benefits and/or raising revenues, which could be overridden by Congress. Alternatively, excessive cost growth could trigger a deliberation within Congress to either ignore the limit or take action to enforce the original cost constraints.
- **Adopting accrual approaches** to bring forward long term costs of certain federal commitments and fiscal exposures which represent contracts with beneficiaries and providers extending over many years. The cash basis of budgetary accounting understates the costs of these commitments while accrual records the net present value of these long term commitments in the year they are made, regardless of the cash flow. The federal government has already adopted accrual approaches to replace cash for loans and guarantees in 1990. Similar treatment should be considered for other commitments that constitute long term federal commitments such as insurance programs and federal retiree health programs. Currently, such insurance programs as federal pension benefit guarantees can record a surplus on a cash basis in the budget even though they carry long term deficits on an accrual basis. PBGC carried a \$1.6 billion surplus in 2013 in the budget even while its net financial position recorded in financial statements worsened by \$8 billion

⁶ Brookings Institution and the Heritage Foundation, *Taking Back our Fiscal Future*, April, 2008.

from the year before.⁷

- **Federal investments for future economic growth.** The overall size of deficits and debt matters for the future economy, but so does the composition of spending. Just as we need to sharpen our estimates of the costs of commitments, we also need to account for the impacts that federal investments in infrastructure, research and development and human capital have on growing the long term capacity and productivity of the economy. These kinds of programs are highlighted in the President’s budget but receive no explicit attention in the Congressional budget process. The GAO has suggested in the past that an investment component be defined within the discretionary caps to provide a separate focus on these federal programs within the overall constraints of federal caps. Ultimately, such a component could be used in the congressional budget process and by appropriators to track and decide on the magnitude and nature of investments each year.

A Portfolio Approach to Reexamining the Base

Periodically, there is a need to reexamine existing programs supporting major federal missions and goals. Whether it be discretionary spending, mandatory programs or tax expenditures, the presumption that current benefits will continue indefinitely subjects those provisions to a lower level of scrutiny than new proposals or to programs that receive annual appropriations. Established budget practices make it harder than necessary to trade off between related discretionary spending, mandatory programs and related tax expenditures that all contribute to funding higher education, child care, job training, low income housing, and research and development.

⁷ Government Accountability Office, *Fiscal Exposures: Improving Cost Recognition in the Federal Budget*, GAO-14-28, October, 2013

A more robust and integrated budget process – both in the executive branch and in Congress -- would review older claims and programs periodically to free up resources to fund emerging priorities and programs. Moreover, it would consider revenue needs and tax expenditures in the same planning processes so that these could be weighed against spending. Periodically, a portfolio consisting of groups of related programs could be subject to reexamination to ascertain how well they serve a common objective or mission.

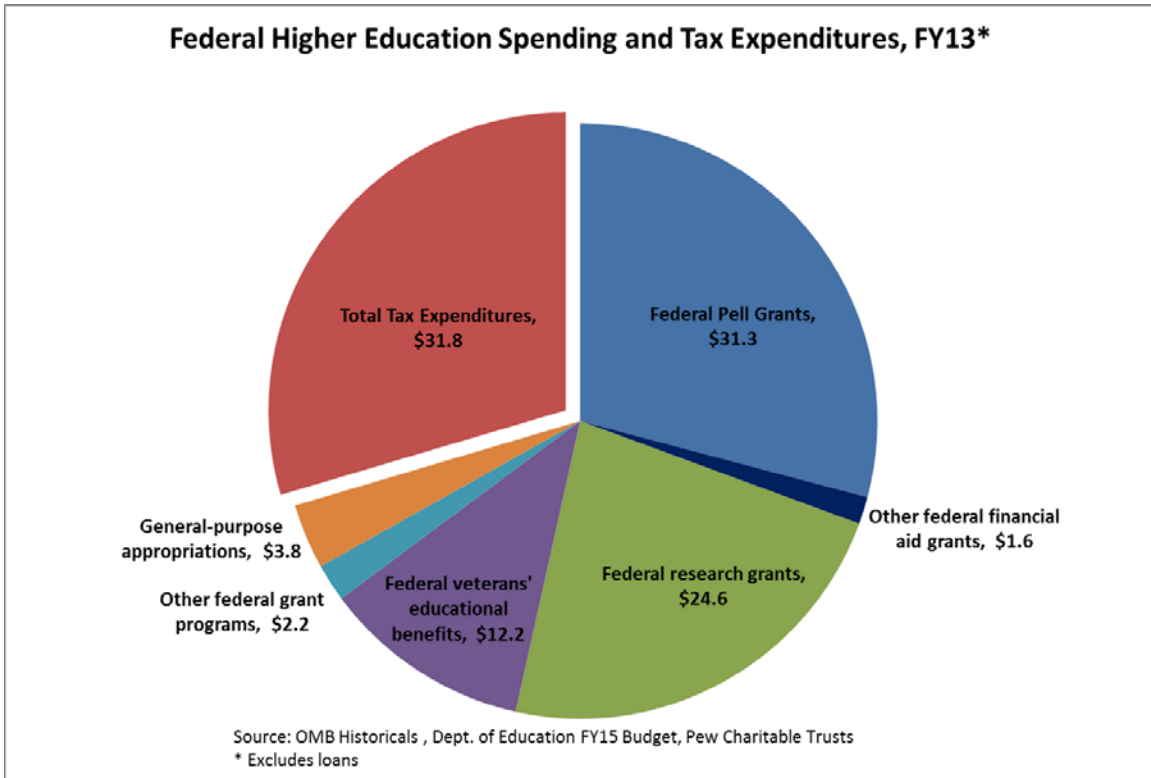
Most nations in the OECD now use a comprehensive spending review process to periodically consider broader policy areas in the budget process. Many nations have learned from the Netherlands, which has been doing these reviews for at least twenty years. The 2010 spending review examined 20 topics and was designed to produce options to reduce spending by 20 percent over four years. So-called Interdepartmental Spending Reviews have been ongoing since the early 1980's, featuring a review of policy arenas that cut across ministries. These initiatives have often included not only Finance and line ministry staff but also outside experts and have led to significant savings over the years. ⁸

My colleague, Steve Redburn, and I have developed a paper applying portfolio budgeting to the area of federal aid for higher education.⁹ The federal budget provides an array of separate grant and loan programs and tax expenditures to help students pay for college, including special programs for veterans.. The chart below shows the composition of federal activity - federal spending for higher education will exceed \$75 billion, slightly more than the States are expected to spend for their public higher education institutions, with an additional \$30 billion of tax expenditures provided through eleven discrete programs in the tax code. These

⁸ OECD, *Reallocation: The Role of Budget Institutions* 2003

⁹ Steven Redburn and Paul Posner, *Portfolio Budgeting: How a New Approach to Resource Allocation Could Yield Better Decisions*, Washington, National Budget Roundtable, July, 2015

figures do not include federal loans, which now have a total volume of \$700 billion, even though such programs turn a profit annually for the federal budget.



While federal aid has grown, the myriad of subsidies has not been considered holistically, but rather has grown up in an ad hoc fashion, incubated in different congressional committees and federal agencies. It is ripe for review. In many ways, U.S. higher education is the envy of the world. At the same time, many questions have been raised about how effectively the current system of federal grants and loans is contributing to access by those who otherwise would not attend college and whether the increasing reliance on debt is reducing the personal economic returns that otherwise would accrue to those receiving federal support. Questions have been raised about whether federal subsidies are incentivizing states to reduce their own aid for students and inducing universities to raise tuition. Other questions revolve around whether the range of options and interactions among student loan

and grant programs make them hard to understand and challenging for students to calculate how best, when, and where to use them.¹⁰

The selection of areas for review and performance improvements could be accomplished in the Congress either by the leadership in consultation with the President or by this Committee as a part of the congressional budget process. The existing budget functions and subfunctions could be used as a basis for determining crosscutting policy areas, as intended when they were folded into the congressional budget process. The Budget Committee is ideally positioned to lead the way in undertaking these crosscutting assessments. The Committee not only has a governmentwide perspective, but also uses budget functions as the building blocks for the budget resolution.

Weak Claims, not Weak Claimants

The portfolio budget reviews are intended to prompt Congress to apply the best performance information to a critical examination of major areas of federal activity. A former budget director once provided a credo for budget examiners at any level of government when he said that budgeting should be about reducing weak claims, not weak claimants. Guided by this principle, we should be looking for ways that the congressional budget process can facilitate and promote the thirty years of initiatives undertaken by OMB and executive agencies to tie performance to budgeting. The past three Presidencies have all succeeded in improving the supply of information on performance outputs and outcomes of federal programs and operations, whether it be under the Government Performance and Results Act of 1993 in the Clinton era, the Program Assessment Rating Tool of the Bush era or the evidence based initiatives of President Obama. One of the consistent findings from

¹⁰ U.S. Government Accountability Office, *Student Aid and Postsecondary Tax Preferences: Limited Research Exists on Effectiveness of Tools to Assist Students and Families Through Title IV and Tax Preferences* GAO-05-684, July, 2005

this era is that the executive agencies' supply of performance data has not been matched by demand from Congress to use this information.

What does this mean for the congressional budget process in general and the budget committees in particular? The Budget Committee has an important potential role to play in the advancement of performance reviews. The other committees have a programmatic or management orientation that has been engaged episodically in reviewing performance in recent years. However, the Budget Committee has the breadth to adequately address the most important performance outcomes that we as a nation seek to achieve. As the GAO noted, many of our programs reflect judgments and priorities set years ago and a timely reexamination is essential, regardless of our fiscal bottom line. ¹¹

The budget committees can take the lead in fostering broad based portfolio reviews of major functions or subfunctions. They can do this on their own through task forces, similar to performance based reviews done by task forces of the Senate Budget Committee in the previous decade. As with the Senate Budget Committee, the GAO can be engaged to provide analytic support for this initiative based on their years of institutional knowledge of many policy areas.

The Budget Committee can also do this by working through authorizing and appropriations committees, commissioning portfolio reviews in concert with these committees. Such reviews can be triggered by reconciliation instructions, with committees expected to report savings to be integrated by the budget committees in a reconciliation bill. Alternatively, the authorizing committees themselves could make decisions about which areas are ripe for portfolio reviews through the views and estimates process.

¹¹ U.S. Government Accountability Office, *21st Century Challenges: Reexamining the Base of the Federal Government* (Washington, D.C.: GAO, 2005) GAO-05-325SP

The Executive Branch could be engaged in a collaborative effort to undertake a series of selective portfolio reviews. The President and Congress could reach agreement about those areas to be assessed in each budget year. Congress could help ensure that areas that are ripe for reexamination, such as those up for reauthorization, would get attention in the executive review process. Such a process would require the Congress to articulate its oversight and reexamination priorities centrally and the President to invite Congress to help determine priorities to guide the executive program assessment process.

I don't need to tell this Committee that the performance assessment process I am suggesting will not be easy. There is no low hanging fruit in the federal budget. In fact, performance based assessments of the base of groups of programs will entail the prospect of greater conflict. This new role will require the Committee to gain the support of other leaders in the Congress as well as the Administration. It will be important for this process to be highly selective in its reviews, to avoid being overwhelmed by the sheer amount of work as well as the likely political reaction. Nonetheless, the rewards are substantial. Performance assessments carry the promise of transforming the budget process into a more strategic and forward looking vehicle for setting the nation's priorities.

Conclusions

Budget process reforms present risks and opportunities for the Congress and this Committee. The agenda for budget process reform I have laid out would place new demands on the federal budget process in general and this Committee in particular. I am well aware that these emerging roles are even more challenging for a budget process that has trouble simply passing a budget resolution and securing full year's appropriations for the agencies. Yet the fiscal challenges and the need to update our priorities both call for major new activities and functions that can best be performed by the Budget Committees.

Strengthening Congress' capacity to budget will call for stronger leadership within the Congress and from the President as well. This Committee will be challenged to assert a more proactive role in setting priorities, reviewing government performance and shifting how we budget for the long term. This is a tall order, particularly during a period of polarization that has come to define today's politics.

It may be time to rethink the nature of the budget committees. Established in 1974 as new committees alongside an established committee structure, the budget committees have increasingly been tasked to take on government-wide leadership without sufficient influence over other committees to do the job. Accordingly, some have suggested that budget committees be transformed into leadership committees, comprised of the chairs of the major committees of each house.¹²

An old adage in management suggests that form should follow function. The original design of the 1974 Budget Act contemplated a less ambitious role for the budget committees. Powerful committees were at hand to trim their sails, Yet over time, the budget process has had to adapt to serve new functions – reconciliation, new scoring rules implementing new budget legislation and greater demand for more complex analysis of long term and dynamic economic effects of proposed legislation have all changed the scope and stakes of the congressional budget process. The Budget Committees are at a threshold moment and need to adapt to meet the emerging needs of the Congress and the nation for a revitalized budget process.

¹² Philip G. Joyce, "Strengthening the Budget Committees: Institutional Reforms to Promote Fiscally Responsible Budgeting in Congress", paper prepared for the Federal Budget Reform Initiative, Pew Charitable Trusts, January, 2011.