

What is the history?

In 1972, President Richard Nixon impounded funds for various social programs. Nixon argued that because Congress lacked a process for controlling the overall federal budget, budget deficits might expand irresponsibly if the president lacked the power to block funding. Congress responded by establishing a formal budget process through the Congressional Budget and Impoundment Control Act of 1974.

Today's congressional budget process has its origins in the Congressional Budget and Impoundment Control Act of 1974. That law sought to create a coherent procedure for Congress's revenue and spending decisions, and to constrain a president's ability to impound funds appropriated by Congress.

In 1972, newly reelected President Richard Nixon refused to spend funds appropriated for various social programs. Although the Constitution provides that a president may not spend money without a congressional appropriation, it was less clear whether he was obliged to spend every dollar appropriated.

Prospective recipients quickly challenged Nixon's impoundments in court, and he lost every case at the appellate level except one. Before the Supreme Court could consider the issue, Congress moved explicitly to limit the president's power to impound funds.

But Nixon had an effective counterargument. He pointed out that Congress had no formal, orderly process of its own for adding up individual spending and revenue decisions, and for relating total spending to total revenue. Nixon argued that if the president lacked the power to impound spending, total spending might expand irresponsibly.

Congress realized that Nixon had won the substantive argument and that it could not limit the president's impoundment powers unless it created a formal budget process of its own. It responded by passing the Congressional Budget and Impoundment Control Act of 1974.

There was no way to take the politics out of politics, however: The designers of the new process were intent on avoiding any significant reduction in the powers of existing committees. This involved compromises that made the new process much more complicated than it would otherwise have been.

The budget process has evolved since. Originally, two budget resolutions were required; now, only one. Reconciliation was originally seen as a mechanism for

reconciling the first budget resolution with the second. Now it is a mechanism for expediting changes in entitlements and tax policy.

FURTHER READING

Schick, Allen. 1995. [*The Federal Budget: Politics, Policy, Process*](#). Washington, DC: Brookings Institution Press.