BOOK REVIEW

The Congressional Budget Office: Honest Numbers, Power, and Policymaking
Philip Joyce
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By Brian D. Cahill

Alice Rivlin, Director of the Congressional Budget Office, held a briefing for reporters in 1977 at which she released the findings of a CBO analysis of President Jimmy Carter’s recently announced national energy plan. “There has been a great deal of talk about sacrifice and the moral equivalent of war,” Rivlin said, aluding to the President’s own characterization of the gravity of the energy crisis, “but one does not see this in the [Carter] plan.”

Meeting the press was an unusual and audacious move for a staff official in Congress, an institution in which staff are mostly seen and not heard, but Rivlin and the 2-year-old CBO already had a history of audacity. In 1975, Rivlin famously accused former President Gerald R. Ford’s administration of overestimating government spending in order to justify proposed cuts. Now, Rivlin told the assembled reporters that CBO had concluded Carter’s plan would reduce daily imports of foreign oil by twenty percent less than he claimed by 1985 and that his proposed gasoline taxes would not lead to significant energy conservation. By subjecting the new Democratic administration to the same skeptical scrutiny as its Republican predecessor, Rivlin and CBO burnished their nonpartisan credibility and emerged as a critical in-house check on the Executive Branch that would play a key role in federal budgeting and policymaking for decades to come.

In The Congressional Budget Office: Honest Numbers, Power, and Policymaking, author Philip Joyce draws upon extensive research and interviews with former directors and staff to produce a comprehensive history of CBO from its inception in the Congressional Budget and Impoundment Control Act of 1974 (“Budget Act”) to the present day. The first half of the book introduces the historical and institutional context for CBO, exploring the agency’s creation and explaining its primary responsibilities of macrobudgeting, microbudgeting, and policy analysis. The second half presents CBO in action, analyzing its work across all three of these areas during health care reform efforts in 1993 and 2009. Throughout, Joyce uses case examples to demonstrate how CBO’s objective expertise has helped Congress assert its independence from the president. Finally, in his conclusion, he attempts to debunk the notion that CBO has used its power to kill policy proposals, casting the agency instead as an effective “skunk” whose analysis has helped Congress make informed decisions on those proposals.

Joyce focuses much of his history on Alice Rivlin’s vision and tenacity in creating CBO’s organizational culture
of nonpartisanship and analytical rigor, which subsequent directors and staff have maintained. CBO’s statutory responsibilities, established by the Budget Act, are few and simple: the organization must provide to Congress an annual report on federal spending and revenues to inform the development of the annual budget resolution, and prepare estimates of the five-year cost of legislation reported by congressional committees. Beyond this mandate, the director enjoys broad discretion in determining the agency’s additional roles and responsibilities. As its founding director, Rivlin strongly believed that the new CBO should provide more than simple budget analysis; through objective policy analysis, it should help Congress understand the budgetary implications of policy proposals as well.

Joyce describes several of Rivlin’s early decisions that were critical to establishing the new organization’s business model and culture. First, Rivlin rejected a “functional” organization of CBO, where budget and policy analysts would work together in divisions formed along budget function lines, in favor of a “product” organization with separate divisions formed to conduct budget and policy analysis. This structure, she reasoned, would prevent budget analysis from subsuming policy analysis. Second, Rivlin determined that CBO would initiate policy analyses on important topics without necessarily waiting for orders to do so from Congress, although CBO wisely sought ‘sponsorship’ for its studies from members of the Budget Committees. This determination allowed CBO to anticipate upcoming policy debates and provide Congress with timely analysis. Finally, Rivlin decided that CBO would present and analyze various budgetary and policy options in its studies, but would not make specific policy recommendations to Congress. By presenting its findings without recommendations, CBO developed its reputation for sober, nonpartisan analysis.

Throughout the book, Joyce presents examples to demonstrate how CBO’s expertise has helped Congress assert its independence from the president. Before 1974, Congress relied on the Executive Branch for budgetary analysis. By establishing CBO, Congress gave itself a powerful new tool with which to independently evaluate presidential claims. Joyce examines many examples of CBO’s expertise in action, including President Carter’s energy plan and, later, President Bill Clinton’s health reform plan.

Jimmy Carter claimed his energy plan, the signature domestic initiative of his presidency, would reduce reliance on foreign oil by 4.5 million barrels per day by 1985. Carter hoped his plan would sail through Congress. In its analysis, CBO agreed the plan would reduce imports, but disagreed on the amount of the reduction. CBO’s report challenged the president’s estimates of oil savings from converting utilities to coal, disputed his claim that the plan would result in reduced gasoline consumption by the trucking industry, and concluded that most energy savings from increased insulation would occur with or without his proposed insulation tax credit. CBO concluded the plan would reduce reliance on foreign oil by no more than 3.6 million barrels per day by 1985. Congress eventually approved the Carter energy plan, but only after devoting significant time and attention to CBO’s analysis.

CBO’s critical evaluation of presidential claims continued in its analysis of Bill Clinton’s 1993 health reform plan. Like Carter, Clinton hoped Congress would cooperate and pass his comprehensive proposal to address a national crisis. Clinton’s plan for universal coverage relied heavily on a proposed new system of health alliances, through which Americans working for small to medium-sized businesses would purchase coverage. Under the Clinton plan, these employers would pay a portion of their employees’ premiums to the alliances. Employees would then pay the remainder of their premiums, with government subsidizing premiums for low-income workers.
Analyzing the Clinton plan required CBO to decide whether or not to count the alliances’ transactions as budgetary. The Clinton Administration considered the transactions private, arguing that the employer mandate imposed only a regulatory requirement on employers’ and employees’ activity. Budgeting precedent held that a transaction resulting from a regulatory requirement may cost corporations or individuals money, but it is not a tax paid to the government. Therefore, the administration reasoned, the health alliance transactions were not budgetary. CBO disagreed, concluding that the transactions were budgetary because the federal government would compel individuals and businesses to contribute revenues that would fund a government program. Ultimately, Congress rejected Clinton’s plan.

In his conclusion, Joyce acknowledges that the impact of CBO’s analysis on major presidential policy proposals is not easily quantified, but disputes the notion that CBO’s analysis determines their fate. Rather, CBO functions as a ‘skunk,’ reminding Congress that presidential claims should be subject to independent analysis. Rivlin remarked that CBO’s work “undermined some of the hype” surrounding Carter’s proposal and “injected a note of sobriety” into the process. Joyce admits that CBO’s decision on alliance transactions provided ammunition to the Clinton plan’s opponents, but suggests that Clinton’s insistence on pressing Congress to adopt a complete legislative proposal of his design, rather than working collaboratively to draft legislation, did more to doom the plan than any CBO analysis could.

The “skunk” metaphor is astute, but it is not conclusive. CBO possesses the power to raise critical questions about a proposal, but only Congress may reject it. Joyce argues that CBO’s analysis informs rather than dictates Congress’s policy decisions. Notably, however, he omits from this book the perspective of Congress on CBO’s work. Joyce argues his point well, but greater attention to the views of CBO’s primary consumer would have strengthened his conclusions.

Still, whatever readers ultimately conclude about CBO’s impact on policy, they will benefit from the most comprehensive account to date of the organization’s history. The compelling story of CBO’s founding and early years will delight budget enthusiasts, but this is not a book for that audience alone. Joyce also contributes a comprehensive, logically organized, and accessibly written guide to CBO’s work, offering an insider’s account of its people and processes that is certain to be useful to policymakers and academics alike.

References


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