

THE BUDGET PROCESS

Interview #3

Tuesday, January 30, 2007

RITCHIE: Previously, you gave me a picture of the change in the Budget Committee from the time you went on its staff to the time you left to go to Senator Frist's office. I'd like to go back and sort of ask a few questions about the workings of the Budget Committee. When I was reading about it, the word that popped up the most wasn't an economic term, it was "negotiations." Is it a fair assessment that negotiations are a large part of what goes on in the Budget Committee?

HOAGLAND: Well, I would say up until the mid-1990's yes, negotiations went on even outside of the Budget Committee, whether it was an ad hoc gang of twelve or gang of thirteen in the early 1980's, or in 1987 there was negotiations in the sense that we had the administration and the House leadership and Senate leadership and the Budget Committees. In 1997 there was negotiations because it was the White House. And so I think I would say that's how we got things done. We sat down and even outside of the Budget Committee formulated groups and leadership as well as the major committees. So we kind of expanded the role of the Budget committees.

I would argue that after 1997, and maybe up until most recently, it's been the lack of negotiations, the unwillingness to work across the aisle in that committee, and to some extent even in the full Senate, that has hurt the budget process. But yes, I came to accept very early on that the Budget Committee started the process but there were many negotiations outside of the Budget committees necessary to bring about those agreements that we had throughout, up until the Balanced Budget Agreement in 1997.

RITCHIE: Well, going back to the days when you were the staff director on the committee, when a new Congress began, just how did you go about it? What was the process that the committee was dealing with?

HOAGLAND: The budget process, as we like to refer to it, it is front-end loaded in terms of the legislative calendar. The President's budget comes in the first Monday of every February under the new Budget Act. I keep saying "the new Budget Act" after thirty-three years. We would begin the process very early. Just before the President's

budget came up, we would receive from the Congressional Budget Office estimates that kind of set the framework, or set the groundwork. As we like to say, the “baseline” upon which putting this big bird on automatic pilot and flying it. What would happen if we didn’t change any laws and moved forward? So, what we start with is the Congressional Budget Office, about a week or two weeks before the President’s budget arrives, that sets in place the starting point.

The President’s budget arrives the first Monday in February. Our hearings—the Budget Committee doesn’t have that many hearings, but if the Budget Committee has hearings, it’s usually right after the President’s budget comes up. It’s usually rather truncated and collapsed into two to three weeks. Usually the President’s Day recess falls in there too. So most of the hearings were, of course, with the OMB Director, the Secretary of the Treasury, the fiscal guys out of the administration. Depending upon the issue at the time in the President’s budget, it might include the Secretary of Defense or the Secretary of Health and Human Services. But we would have a standard set of hearings. Mainly it was for the administration to have an opportunity to present their budget orally to the committee. As I said, there weren’t that many hearings on the President’s budget. Then you usually had a few outside witnesses, particularly from the business community, or from the various interest groups. If it was a health issue, then we probably would have the American Hospitals Association and the American Medical Association. We would try to get, we would reach out to try to capture as much information as possible in a very short amount of time.

What really took place, though, behind the scenes while that’s going on, is that we would begin the process of taking—I’m really getting into the weeds here a little bit—but I instituted very early on when I became staff director what we referred to as “waterfall tables.” The “waterfalls tables” were taking the Congressional Budget Office estimate for various functions of the budget as it came out of their baseline, and then taking the President’s budget, for that particular function of the budget, and “waterfalling” it down to how do we get from here to the President’s budget, or up from here? We organized the Budget Committee with analysts in all of these major functional areas of the federal budget and we would spend a lot of time and a lot of hard work for the analysts to try to take the President’s budget and get it to the baseline or the baseline to the President’s budget. To be able to explain line by line—and these were large spreadsheets that each staffer was responsible for. This was done both in the majority and on the minority side.

What that did was it gave you a way to then start the process, which had to begin very shortly after the hearings were over, of putting together a budget resolution.

Then we would begin to have, first of all, our internal meetings at the staff level. But more importantly then we'd begin to meet with the majority senators (and sometimes we were minority senators) and then say, "Okay, this is where the President is or this is where the baseline is, what of these policies that go from here to there do you not agree to or not like or don't want to have? Or what do you disagree with or what do you want to do differently?" We would go through this function by function. It was rather tedious. Sometimes the members were not happy to go through this process, but it was the *only* way that they could actually really get to the point where they took some ownership for the product that was being produced. Out of this process then you came to a number by function and you were able then to be able to basically build the blueprint. This led then to the markup process and then negotiations—if there were to be negotiations—with the minority or the majority, in terms of our input.

Up until I would say the mid-1990s, a lot of this was free-flow back and forth between the two sides of the aisle. Then it became a little bit more partisan, so it became to the point where the Republicans, if they're in control and they're going to put a budget out, they've got the votes and they've already worked it through, everybody is in agreement, so what are we doing here in this markup? Let's vote it out and then go onto the floor.

But all of this, of course, supposedly was to be done by the middle of March, which really is basically a very fast time frame. The President's budget the first Monday in February to the middle of March, maybe at the end of March. The objective was to be able to take the members and staff and work through and produce a blueprint, a budget resolution, that we laid out and then actually had a markup of that in the committee. We had a rule—it's not a rule, I think it's the law—that we do not have proxies in the Budget Committee votes. So we were very careful to organize the markups around the time when there wasn't anything else distracting their attention. We would, of course, organize it so that the votes were stacked so that we didn't violate the no proxy rule.

When I first started back at the Congressional Budget Office, and I remember some of those early markups under Ed Muskie, this process would go on for a week to

two weeks, in terms of a markup. The analysts would sit at the end the table and answer questions, and they would go function by function and even further. There are “subfunctions” within the federal budget. We’d get down to the “subfunctions.” The markups would last well into the evenings. Muskie and [Henry] Bellmon would stay there and the staff would keep working through. This was pre-computerization, so it was really tough. As time went on, the markups became a lot less time-consuming as they related to the members. Usually what happened was that this process that I just described would result in the majority having a blueprint that they wanted to lay down. They’d call a markup. They’d lay the blueprint down. The minority staff or in my case, the Democratic staff, would have one night to look at it and to prepare amendments to it. We’d come back the next day and we’d go through it and we’d vote it out. So it got truncated over time to a very short and quick process.

RITCHIE: Was the staff doing more than say in the past when you say Muskie and Bellmon were doing it? Was more of it falling on the staff at that later stage?

HOAGLAND: I would say yes. In the early formative years of the budget process, I think there was—well, I know there was—an attitude and a feeling that if I said, “The community development block grant program should receive a ten percent increase and I’m going to build that into my budget resolution,” what happened, of course, members started to understand you can *assume* whatever you want about this program or that program, but it doesn’t matter. What really matters is the total amount of spending, whether it’s discretionary or mandatory. So I think early on the Budget Committee staff and members were very program-oriented. They knew *exactly* what the Community Development Block Grant program or the Rule Development Program did, and they built their budget on “We’re going to do this and we’re going to do that.” Then it fell on hard times and the sense was: We’ve gone through all this work, but it doesn’t matter. It depends on what the appropriators decide to do with the allocation you give to them.

Early on, I’m not saying that the staff hadn’t done a good job, but it got to the point where we used to kid around in the committee that we really only needed about three or four staff. We needed somebody to tell us how much revenues. We needed somebody to tell us about Social Security and Medicare. And we needed somebody to tell us about the level of appropriations. That’s basically the three major categories of the budget. Now, obviously it’s a little bit more. That’s oversimplifying it. But you could

see the evolution from the beginning when there was a lot of hard work put into really understanding every program. Then it became: Why am I spending this amount of time because the decision will be made over here on the appropriators when they get their allocation whether they want to fund CDBG or not? It's not really our say so long as they stay within the top-line allocation.

RITCHIE: Was the House on the same timetable as the Senate?

HOAGLAND: Usually yes, very much so. Of course, the law says that by tax filing day, April the 15th, we're supposed to be finished with all of this, both House-passed, Senate-passed, conference, finished by April the 15th. So our goal early was always to be finished by April the 1st or be on the floor the first week in April so that we could pass it. The House was usually on about the same time frame, and then we would conference and try to be done by April the 15th. It didn't always happen, of course, but generally in the April to May time frame.

What motivated the House to get it's work done was that under the Budget Act, if a budget resolution had not been agreed to by May the 15th, then in the House the Appropriation subcommittees could begin their process without it. In the Senate, there were points of order against consideration of spending bills in the absence of a budget resolution. So the House was always pushing a little harder to get done because the Budget Committee knew that if they were not done, really done, by May 15th, then it was going to start anyway, with or without them on board.

RITCHIE: And the House is supposed to begin appropriations first anyhow.

HOAGLAND: Right, and I think that was the reason that the law was written that way.

RITCHIE: Well, does the Senate committee then keep contact with the House committee while your doing this independently, to know sort of what's coming?

HOAGLAND: I had a lot of interaction with my counterpart in the House. When both the House and the Senate were under the same control, when the Republicans controlled both chambers, we shared information. But for most purposes, we operated

fairly independent between the House and the Senate, at least in these initial stages. I can't say there was a lot of interaction. We were aware of what was going on, and they were aware of what we were doing, but each one prepared their separate budget resolutions independently. and did their analytical work separately. I think the thing that kept the two somewhat linked was the fact that we both were using the Congressional Budget Office as a starting point. So when we met up later in conference, at least we were all starting from the same starting point.

RITCHIE: One reason I ask is because in the 1960s, I've been working with the Foreign Relations Committee records and they would deal with the foreign aid bill. This was before the Budget Act went through, but the Senate was always authorizing more money than they really wanted because they knew that the House was going to authorize less. When they got to conference, they could be pretty confident that they would split the difference.

HOAGLAND: That's a good observation. When you set top line goal of balancing the budget, when you set that top line the opportunity for splitting the difference and things like that may come up. But generally good analysts on both side of the Capitol dome, interestingly, would probably come to the same conclusion, so there wasn't a lot of splitting the difference necessary at the end, again particularly when both chambers were under the same control.

RITCHIE: Were your markups and other sessions always open?

HOAGLAND: Obviously hearings were always open. Markups were open. Where they fell apart in terms of the openness and the criticisms that were leveled, particularly against Senator Domenici and [Representative John] Kasich over the years was when we got to conference. Here again, I probably can count on one hand the number of times that I recall that we had anything more than what I used to refer to as a photo-op, where yes we would have the conferees appointed and we would come together and there would be an exchange of the gavel, because we rotated back and forth between the House and Senate from one year to the next who chaired the conference. If we were of the same party, which most of the time that I was there we were either of the same party or we were both in the minority, we would exchange the gavel and we would have some opening statements and then the chairman would say, "Subject to the call of the

chair.” Then we would go off and the staffs would get together, House and Senate staffs, and then next there may be another meeting, but most of the time no. The next time the chairman communicated with the members was circulating the signature sheets to be able to file the resolution in the middle of the night—because it always seems like they never did anything in the daylight.

But up until conference I think that everything was pretty well open, certainly on the Senate floor. The big difference I always saw was between the Senate floor action and the House floor action. The House, under their rules and restrictive procedures, would limit the number of amendments. That usually packages alternatives to the majority’s blueprint. Of course, in the Senate, it’s fifty hours of debate. Quorum calls don’t count and time toward the time on the vote does not count against the fifty hours. In the Senate, an awful lot more time was spent, I think to the chagrin of the House, as always is the case: “Why does it take you so long?” But at least we had it limited to fifty hours.

One of the biggest problems and it still has not been resolved to this day and continues to be an issue is that in the Senate that once the fifty hours has expired, you would think, well you vote and you’re finished. You either vote it up as amended or you don’t. It’s gone. It’s done. But it became kind of a loophole that people could continue to offer amendments, they just “couldn’t debate them.” So we had what we referred to in the Senate and became known as vote-a-thons. Even after the fifty hours were done, you could still have forty, fifty, sixty amendments. It was a nightmare on how you managed those. We would go late into the night and some of the record voting, the history of record voting in a day, you’ll find was on a budget resolution, because you had twenty or thirty or forty amendments that were stacked up at the end that you still had to dispose of unless the members withdrew it. As I say, that continues to be an issue, I think, for those people looking for ways of improving the process. How to we refine this vote-a-thon process?

RITCHIE: Were most of the amendments people trying to get money for something that they thought was not otherwise covered or not covered adequately?

HOAGLAND: Here again, I think over time, members started to figure the game out, if you like. Particularly in an even-numbered year, the amendments offered became a

political document. Sadly, I think, in some ways, but it's the process, because what would happen is members would look at a particular function, a broad function of the budget like health, and even though there was only a number in there, they'd say, "I want to add a million dollars for—" and in the statement of purpose would be "immunization of children." A million dollars out of a four-hundred-million-dollar line. So these became political votes. As I seem to recall, some of the people who work in campaigns said, the best opportunities for making campaign documents and ads was to look at the votes on the budget. You'd say, "He voted against increasing a million dollars for immunization for children. How could he possibly be so cold and ruthless?"

The difficulty, of course, was it didn't make any difference. Because at the end of the day, if that million dollars we spent was not a decision of the budget resolution, it was a decision of the final appropriators. So there were frustrations with most of these political amendments. Then you had the other big-ticket items which were worth the debate. The level of revenues. Should we assume or should we not assume a tax cut? Should we reform an entitlement program? Should we reduce or not reduce Social Security benefits?

Of course some of the debate, which was 1986, I believe it was, was the infamous vote on a budget resolution, which was a Dole-Domenici amendment to freeze for one year Social Security COLAs. This was a way of trying to get to balance. The Senate passed it by one vote, as I recall. It was a very tight vote. Then it went to the House. The House, at that particular time, was under the control of the Democrats. I believe Tip O'Neill was Speaker in '86. There was always this hard feeling between Dole and Domenici and Ronald Reagan because they felt that they had been undercut because the President said, "I'm not going to support anything that touches Social Security." Tip O'Neill made that deal with the President. So I'm saying that there are times when there were very big issues that were debated as it relates to the level of entitlements and COLAs and tax levels. So not all of them were these little nitpicking political amendments. There were times when fundamental issues were being debated in the broad, broad fiscal landscape. By the way, on that particular vote, there was always this perception that the Republicans lost the control of the United States Senate to the Democratic party because of that vote on that budget resolution. So they are not unimportant, I guess, is the point I'm trying to make. There can be very fundamental, major issues.

RITCHIE: All of these amendments sound like earmarks, with members trying to get money specified. But you're saying that they really don't specify.

HOAGLAND: They don't. It's just a number. I think the thing that people forget about a budget resolution and budget amendments, when you look at it, if it wasn't for the statement of purpose, which has no force of law, an amendment to a budget resolution is: change this number; move it up; move this one down; add a million here; subtract a million here, if you're trying to make it deficit proof. Add a million to function for Health and Human Services. Take a million out of general government because there's waste, fraud, and abuse. These, while they're not in the sense of earmarked targeting a particular program, project or activity back in a particular state, they are in that sense, yes, earmarks of saying we want to spend another million dollars for immunization.

Again, the thing that I think that was most disturbing to Senator Domenici over time, and to a lot of us, was these are political amendments. Because at the end of the day all of the discretionary spending, whether it's health, whether it's international affairs, whether it's for agriculture research, or whether it's for highways, it's all one big pot of money that goes over to the Appropriations Committee. They have to stay within the top line, but how they decide to divvy it up is their jurisdiction. That's where the control really lies, getting down to that level.

RITCHIE: Well, if a budget amendment had a lot of support to it, would that be a signal to the committee?

HOAGLAND: It would be. I think that's fair. Mr. [Arlen] Specter from Pennsylvania was always a very strong supporter of the National Institutes of Health and, invariably, over my last many years here—and I respect Senator Specter tremendously on this—but invariably, whatever number we put in for the National Institutes of Health, it wasn't enough. He did not come with a million-dollar request. These were add a hundred million, add four hundred million dollars over the amount. And if there was a vote, as there always would be because you couldn't filibuster a budget resolution, then that was something we did have to take into consideration when we went to conference. The House would say, "We don't have add that money." We'd say, "Well, we had a vote over here. And his vote was important for the passage of that resolution, so it's important

that we not just ignore that vote”—even though it may not have the same direct impact on the appropriations.

Also, I think, it impacted the decision later on which was the next step in this process that when it came time if we had a budget resolution conference agreement and we had the aggregate allocation, Mr. Specter could always go to the chairman of the Appropriations Committee and say, “We voted on the floor for that level of spending. I expect at least that amount of money to be allocated to my subcommittee when I go through the process.” Clearly, it did send a signal.

RITCHIE: What’s the role of the OMB in all of this? There’s that old line about the President proposes and the Congress disposes. Once they send up their budget, how active are they in fighting for it?

HOAGLAND: Well, I must say that in my experience, particularly over the last four to five years, they work very hard to achieve the top-level of spending. I mean, they may have a particular program and proposals, but in terms of where it’s become over the last many years, particularly this [George W. Bush] administration and even the previous [Bill Clinton] administration, was to set the level of discretionary spending. And they would fight very hard. Now, again, they don’t have anything to say about this in the sense that the President doesn’t sign the budget resolution. It’s a blueprint, a rule upon which then guides the rest of the action for the rest of the year. But they are actively involved in the process of trying to make sure that their budget, at least in the aggregate numbers, particularly for the upcoming fiscal year, is achieved.

The big one has been whether it relates to proposals such as tax cuts, tax reforms, or entitlement savings. In that particular regard, the administration puts forth a proposal to reduce the update for reimbursement for a Medicare payment system, and that becomes part of the debate in terms of where we want fiscal policy to go. Then that gets wrapped up into the reconciliation process. In that sense, they have played a very important role. It will be interesting to see this year—after what, twelve, fifteen years?—to see if they continue to have that rule with the control of the House and the Senate different than the White House. My sense is to expect divergence. They will not have as important a role at this stage and that the blueprint will be a congressional blueprint. At the same time, if the President lays out a budget that says: I’ve got to get the balance by some date

certain—2013—that will be a parameter that maybe Congress says, “Well, we can do that too but we’ll just do it differently.”

RITCHIE: Earlier on you used the word “assumption” when you were talking about figures. That reminds me of the famous story about the economist on a desert island with a can of tuna fish and no can opener. He says, “It’s simple to solve. First we assume we have a can opener.” Isn’t that true about the figures that the Budget Committee deals with? You assume that there will be such amount of tax revenue and that there won’t be any other emergency spending. How much of this is realistic and how much of it is just a good guess?

HOAGLAND: Well, first of all, I think the nature of making projections is exactly that. They’re projections. They’re estimates. Sometimes we’re better at it than other times. I have two thoughts on this. Number one, in order to make the process function, you have to have some starting point. That starting point could be off, but at least you’re always measuring from the starting point. The policies that come along are measured from that basis. I’ve always told people that they’re wrong. I can tell you right now, that projection is wrong. It’s not going to be right. I think I explained in one of my earlier comments to you about my faux pas as a young economist-statistician. I had made the mistake of telling a seasoned appropriator how I thought, why did you need this point estimate, this deterministic estimate? I knew, I was a statistician, that there was a standard area of the estimate around every point. He put me in my place by simply saying, “Young man, we don’t appropriate ranges, we appropriate dollars.” So I know that the projection’s wrong. To what degree is it going to be off? I don’t know, but at least we’re measuring changes and all starting from the same starting point.

There are unknowns, as you indicated. Acts of God that we can have no way of knowing. I don’t think there’s any way of knowing sometimes the acts of God: hurricanes, and tornadoes, and disasters, and floods, and drought. So that’s why in 1990 we began trying to figure out: Is there a way to budget within this uncertain world for emergencies? That also has become an issue over these last many years. Well, why didn’t you know that the Census Bureau was coming up with it’s decennial census? They do it every ten years. Why is that an emergency? But generally I believe we number one, start with a baseline and, number two, we know it’s going to not be perfect but it’s the basis upon which then we can function for that time period. Then we adjust.

The difficulty as I see it has been a real tough tradeoff. We know the further we go into the future, the more uncertain the estimate. So therefore, if we only budgeted for one year, we might be closer to the truth. Because fifty-some percent of the federal budget are in programs that really you can't control in the first year but because of the nature of their "entitlement" you're torn between doing something in the short term versus trying to focus on the long term. It's the long term where these programs have the biggest impact. Then I like to tell people that amongst everything else, the numbers may be wrong, but I'm certain of one thing and that is ten years from now we'll be ten years older than we are today. That's the problem. We know the demographics. If anything, demographics is the future that we're living with now. We know that's going to happen. So I accept the fact that we'll miss the turning point in the economy from time to time, but that's why, I guess, we do this on an annual basis, when we do the adjustments and proceed.

RITCHIE: Do you start with the CBO, their figures and their assumptions? Or is it the OMB's assumptions? Or do you combine the two?

HOAGLAND: Over my history on the Budget Committee and all those years, we certainly look at what CBO and OMB say in terms of their economic forecast. Maybe before I arrived in 1982, I'm not certain but I believe that maybe the budget committees simply adopted the administration's economic forecast. The famous [David] Stockman Magic Asterisk-type forecast. But in the time that I was on the Budget Committee, while we looked at the differences, it became obvious that the only way to really make this function even from a practical point of view, a logistical point of view, was to use CBO. You could question, but knowing that later on you were going to score legislation and CBO had produced a baseline, how are you going to ask CBO to go recalculate on the administration's economic forecast? It encumbered the system. So in my career up here, I have always said we go with CBO. You may not agree with them. It may be different than the administration in terms of the baseline. In fairness, and this is just tweaking it, there is a possibility for the budget committees to redefine something that CBO may have put into their baseline. But you state it up front. You start with the baseline and then you make adjustments to it.

The best example I can give is under the mechanics of this process that if in a particular year you have an emergency, for example, with Hurricanes Katrina and Rita,

we had a big appropriation for those disasters. Under the rules of producing these baselines, the Congressional Budget Office has no other authority but to take the last year's appropriation and inflate it to the future. Well then they're building in, as they have with the recent Iraqi War stuff, they're building in into the future that number. We know what it is and we can subtract it out when we're building our budget. So we can work within that baseline, adjusted for things. While we're not going to have—we hope we don't have another Katrina and Rita—therefore we can take that out of the baseline as projected into the future.

RITCHIE: Now why is the census an emergency?

HOAGLAND: It's my remembering that issue that we were running a surplus about then, for the first time in many years. In some ways, I always thought the best way to maintain fiscal discipline around here was to run deficits because when you run surpluses then people say, "Oh, well, what do you care?" What happened was in that year the appropriators had basically filled up the water glass from the allocation that had been given to them. They knew we had to do the census. So as one way to make room for non-census activities, they just simply said we'll make the census an emergency and add it on top. Because designation of an emergency can be challenged but the designation of an emergency spending was outside of the allocation given to them and did not count against the budget. Now, of course, it obviously counted against the budget. It obviously was spending. But at least for enforcement purposes around here it did not count. To be honest, I think we were gamed on it that year. The appropriators went ahead and filled up the water glass all the way with what they had and said, "Oh my gosh, we forgot to do the census! Let's make the census an emergency."

RITCHIE: So in other words, the committees plan some maneuvers to try to get around the figures that you set for them?

HOAGLAND: They do, absolutely. And I'm not being critical, because I think part of the problem, particularly this year, some of the criticisms that have been appropriately leveled that the 109th Congress did not finish it's work, but they didn't finish their work also in the 107th Congress either. It was the same situation. In fact, I'm trying to write a paper for a university about this issue, what it seems to me we have to recognize is that—and earmarks is a prime example of this—where the restraint that's

been imposed by the budget resolution on appropriations may have been unrealistic. It's just politically unrealistic. Now for the last many years it's been the President's level and we have gone along with it. But the reality is that what the President wanted was never really vetted up here. So you were torn between this. You had members saying: "We'll find ways to stay within this. We don't have to do everything at present, but we'll stay within it." But when it got right down you couldn't do that. When it came time to pass the bills, and particularly this year as it relates to Labor HHS, you couldn't make it fit. You adopted something in the spring that as Mr. [David] Obey would say, was completely unrealistic and completely unprofessional and now you expect us to live by. It's not going to happen.

So that's when the emergencies start appearing because, well, that number that the budget resolution adopted was never anything that would ever have been enforced anyway. I think there's some truth to that over time. I think also because this last many years the real pressure on spending has not been, unfortunately, on that fifty percent of the budget on the entitlements. It has not been on defense, either. I can be assured of that. It's been this seventeen or eighteen percent of the budget known as non-defense/non-homeland security. It has been squeezed. But for the average American out there, I bet when they think of government—highways, sewer systems, inland water ways, research, land-grant colleges, National Institutes of Health, National Science Foundation, Post Office—they're probably thinking about that seventeen percent. And the education budget, it's all in that little seventeen percent, and that's been squeezed rather dramatically. I think that has precipitated this conflict about a unrealistic budget and unenforceable and therefore resulting in emergency designations.

I would go one step further. I'm not a defender of "earmarks" in the appropriation process. I'm perfectly willing to say that's not necessary. But if you were elected to represent your district back home, or your state, and you see restraint on this top line of discretionary spending, you then say, "Well, if it's going to be that restrained, I at least want a piece of that for my district, or my home, or something I believe is important. First Amendments rights, it seems to me, the right to petition your government, they have a right for that. So I have a theory, though I probably can't prove it, that the growth of earmarks has been a direct function of the fact that that area of the budget has been the area that's been squeezed the most over the last many years.

RITCHIE: Rather than people going to the appropriating committees, they look out for one individual senator who's going to slip an earmark into it some way or another.

HOAGLAND: Right.

RITCHIE: So there's no hearing on it. There's no the traditional process.

HOAGLAND: Yes, and again, this is an issue that's popular today, on the front page and all that, but it's not like the administration doesn't have its own earmarks. When the President submits his budget, it may not be in the big budget appendix document, but if you go beyond the budget appendix and go to the agencies' budgets that back up that, which we call the explanatory notes, I can assure you, because I've done this, that the Department of Energy, the Corps of Engineers, has a list of projects. Now that's what they plan to do. Of course, they would like to say, "We're going to do these projects." If somebody says, "Wait a minute, you in the administration how you are going to output that. I'd like to rethink that." Then that becomes a congressional earmark. But I just want to balance it to say it's not like the administration doesn't earmark its requested funding around here also. Maybe I'm overstating it, but I think the earmark issue first of all doesn't have that big of an impact on the fiscal, because it doesn't change the top line. Maybe it's more efficient and more transparent, I'm all for that. But to suggest that the administration, when they submit a budget, hasn't thought about how they plan to "earmark" the funds, I think is a little bit misinformed.

RITCHIE: How well monitored is all of this? Is the press doing a good job in following the budget process? When you picked up the newspapers after things you were involved in, did you think that they were getting the stories straight?

HOAGLAND: I think like every profession, I guess, you have those people who really dig. Those reporters who dig and do good work and really work to get to the facts. I think they do a good job. Generally, I'm not critical of the "fourth estate," if you like. I think they do a good job. It's complicated and I think that at the national level they certainly try to present the facts in a fair manner. What I see is you get kind of down below that into what various trade group newsletters, where I get a little bit more upset with what they report. Again, it's focusing on their particular issue and they can't understand the trade-offs that have to go on within the big scene. But I'm not going to be

critical of other people. They do the best they can. It is not a totally transparent process in and of itself to begin with, but I think they get the right idea.

The biggest problem is communicating to the American public out there, from what I can tell. I remember a number of times receiving phone calls from my mother and we'd worked in the spring to get a budget resolution done, and it was passed, and the press would report, "Congress adopts a budget." Then lo and behold we're here in August and September and October and we're passing the budget again. It was the disconnect between the budget blueprint and then the implementation of that budget. She'd say, "I thought you did that in the spring." That probably is lost a little bit, that this is a total process. You don't just adopt a budget resolution and everything's finished. That's just the start of the process.

RITCHIE: Well, what is the next step, then, after you've adopted the first resolution?

HOAGLAND: After you adopt a budget resolution and the conference agreement has been agreed to, of course, the first thing I always tell people is it stops, technically. It doesn't go to the President. He doesn't sign it. It becomes a rule. As I look at it, a rule upon which then the Senate and House proceed to then begin to implement that blueprint. That then takes the blueprint and we provide in the budget resolution and the report language does the allocations to the committees of jurisdiction. How much goes to the Appropriations? How much, particularly discretionary, all goes to the Appropriations Committee? How much then goes in terms of entitlement spending if it's to the Finance Committee or to the Agriculture Committee? What was assumed and what was built into this blueprint for spending for agriculture? It's mandatory spending then that gets allocated.

And so each committee, the next process—really the green eyeshade process—is to take the blueprint and then divvy it up. It's what we call "cross-walking" the budget resolution to the committees of jurisdiction. It's a term we used to use. Then the committees now have an allocation and now they start their process of actually passing their legislation, if it's an appropriation bill, to live within that blueprint. For the appropriation process there's a little bit more. Another step is required. They receive one lump sum of money—843 billion dollars, I believe the number was this year. Their next

step on each one of the appropriation committees is to take that and divvy it up to their subcommittees' jurisdictions. Then the subcommittees build their reported bills not to exceed their allocation. Same thing for the authorizing committees with entitlement jurisdiction. We may have provided them with additional assumption of spending built into this. Then they can go ahead and start reporting legislation that's a change to current policy, going back to the baseline. Then they proceed with reporting their legislation.

The big issue then comes to what we call the enforcement of the blueprint. Adoption, allocation, enforcement. Now it requires as this legislation is reported from these particular committees of jurisdiction, have they stayed within their allocation? This "score keeping" process is a little bit behind the scenes, but it's basically the Congressional Budget Office receives the legislation as it's reported from the committee, and goes through the scoring of the legislation. Again, all tied back to the baseline from where they started. They provide the scoring of that particular legislation to the budget committees. In fact, they provide it to anybody that wants it. And then the question becomes when that legislation comes to the floor, has it violated the blueprint that we adopted? Have they spent more? Or have they cut taxes more than we assumed? If they have, then the enforcement process kicks into gear and that is any United States Senator—the House has its different rules and from my perspective the House simply waves the points of order—but in the United States Senate, any Senator could stand up and say, "Mr. President, the bill before us violates the allocation that we gave to them under the budget resolution and therefore, Mr. President, I raise a Budget Act point of order that it is in violation."

Unless the mover of the legislation stands up and says, "Mr. President, I move to waive the Budget Act for the legislation before us." If he does that, he then will for a vote, but to waive the Budget Act requires sixty votes. We know that because the Senate has been so evenly divided, that sixty votes, particularly on a Budget Act, is a very, very important vote. It's not to say that we don't waive the Budget Act. I think we do waive the Budget Act sometimes simply because the scoring says you've violated it. The prescription drug benefit of a few years ago did not quite meet exactly what was assumed in the budget resolution. There was a Budget Act point of order. Sometimes these violations are well within the standard error of the estimate. Who knows? But they are. Other times they're *de minimis* and people will just say, "Fine, a million dollars. What's that in a 2.7 trillion dollar budget?" But the enforcement process is very important

because if that Budget Act point of order is not waived then the bill falls, the amendment falls, it's kaput. It's done. So it is an important process.

RITCHIE: Now when the senators stand up and make the point that they've overshot the budget, has your staff been alerting them on any of this? Are you the ones who are monitoring what these committees are doing?

HOAGLAND: Oh, yes. That's a good question. Usually what happens is we have monitored the legislation. As I say, after the staff have put together the budget blueprint they move into the enforcement. They step back. They let the committees go to work. But then they track the legislation and they work with the Congressional Budget Office, and quite frankly, over years, the good committees are sophisticated enough now also not to have to necessarily go through the Budget Committee, but actually go to CBO and say, "We're reporting. How will this score?" Usually, it has become more frequent that the committees reporting will work with CBO directly themselves to make sure. "Well should we change it here? Change it there? How should we do it so that we're not violating it?"

But we track it and then we report that. Normally what we do is just simply tell the parliamentarian, because we don't know if anybody will raise the point of order. They may not, in which case our responsibility at the staff level is to make sure that the parliamentarian is—he never—I won't say never, but hardly ever looks beyond numbers. If the Budget Committee says it violates, he says it violates.

RITCHIE: What does he do?

HOAGLAND: What he does is he's got the information and if then some senator stand up and says it violates, he can say, "Yeah, it does." What usually happens is that nobody's blind sided on this. If somebody's going to raise the point of order, that to the extent is still the old Senate. Courtesies are: I go over and tell the senator I'm going to raise a point of order. If he knows that you're going to raise a point of order, he goes over to the parliamentarian or he checks with his Budget Committee staff, "Yes, the point of order is well-founded." Then he is prepared to move to waive the point of order and he may win or he may lose.

Senator [Judd] Gregg had a number of examples this last year. I think the highway bill was one of them. A couple of others where my old boss, the former chairman of the Budget Committee, on the energy bill, had violations to the Budget Act. There was tension between the former chairman and the current chairman in the year 2005 over that. But the Budget Act was waived for the old chairman, not for the new chairman. The new chairman lost. He wasn't able to stop the energy bill.

RITCHIE: Well, I suppose, to some degree it also suggests that if you can build a consensus behind a particular bill, then that's an important part of the process.

HOAGLAND: I think the consensus is, you know, you're talking about a super majority. You're talking about more than just a simple majority, which is important. Again, I think they found, whether they knew it or not, there is something to be said about what started out this discussion, about they're estimates. They could be off. The best example I can give you right now is—it just hit me—that the prescription drug bill, which violated the Budget Act. I think it was close on the dollars, but since it was a sensitive enough initiative, somebody raised the point of order. I recall that Senator [Trent] Lott was under a tremendous amount of pressure. He was the sixtieth vote, I believe, to waive it and he went along with it. He didn't like it, but he did it. Looking back today, if you looked at the latest estimates, the CBO has reduced its estimates from what it had at the time by thirty percent. So it does say: You didn't like waiving it, but look, it's not costing what you thought at the time by nearly thirty percent. So it's back to my old idea that there is some flexibility in the system because they are estimates. I don't know if it helps Mr. Lott today. He may still not like the program, but at least I can say to him, "It's not violating the Budget Act like you thought it was."

RITCHIE: At what point in this process does reconciliation play a role? That's one thing I've never quite understood.

HOAGLAND: Reconciliation comes into this in the sense that we know how we can control appropriations on an annual basis because that's discretionary and that's a number. How much do we give to the appropriators? Reconciliation comes into this when that budget resolution—it's probably one of the most important aspects when preparing a budget resolution—when that budget resolution is being put together, and there is a recognition that we want to make some changes in mandatory programs.

Programs that are not subject to the annual appropriation process. The only way to control that program is to change the underlying statute. Change the reimbursement rates for farm program, for the price support program for corn. Or change the reimbursement rate to a hospital. To change the COLA benefit for a Social Security recipient. The only way you're going to achieve—I hate the word, but we'll try it—effectuate the reduction or the increase in that program from a baseline is to take that particular mandatory program and, not an appropriation program, and say, “Committee of jurisdiction: Finance. Report to the Budget Committee by a date certain changes of laws within your jurisdiction to achieve a dollar amount of savings.” That is a reconciliation instruction, and that is imbedded within that budget blueprint resolution.

It's important here, and I think you're on to something that's very, very critical in this process, the adoption of a budget resolution is a simple majority vote. It doesn't require sixty votes. If that budget resolution includes a reconciliation instruction, then it sets in place an instruction to a Finance Committee or a Ways and Means Committee to make changes in laws and to report back to the Budget Committee some time in the future those changes that they bundle up. That bill then comes to the Budget Committee. Those pieces come to maybe one committee or maybe more than one committee, and usually it has to be more than one committee. If it's one committee, it goes straight to the floor. But say the Agriculture Committee and the Veterans Committee, the HELP Committee, the Finance Committee, they take these and they all report to the Budget Committee by a date certain. Usually it's in the middle of July under the process, if it works appropriately. The Budget Committee bundles this up and it's called a reconciliation bill. By law, the Budget Committee can do nothing more than just report what's been given to them. That then goes to the floor. It is a reconciliation bill. It is expedited. Now we're talking about implementation of the blueprint. Since the blueprint is simply a set of numbers and doesn't go to the President, how do we get these savings? Well, you have to pass a law. You have to change the reimbursement rates.

So this bill, called a reconciliation bill, then goes to the floor. What's important here is it is not filibusterable. It doesn't require sixty votes. And that there are limits in terms of the amount of minutes. So interestingly enough, some very controversial pieces of legislation, tax cuts over the last few years, changes in farm price support programs, the example I gave earlier with Dole/Domenici, changes in the Social Security program, were considered within that context of a bill that time-limited on debate, twenty-five

hours. Time-limited on amendments on the floor. And once it passed, you couldn't filibuster it and it didn't require sixty votes. Then a conference with the House and, the same situation, goes to the President.

So reconciliation is the only way we have found to make changes in entitlement programs or revenue programs. Up until I think up until about 2000 or 2001, the assumption was the language in the Budget Act simply says that the Budget Committee can instruct committees to make changes in laws within their jurisdiction to carry out the purposes of the budget program. What became very controversial, and it still to this day—I think the House in its own rules recently has changed this—is that that says you can add to the deficit or you can reduce it. It doesn't matter. It says, "Just make changes." So if that blueprint, that budget resolution, said, "We want tax cuts." Well that's going to add to the deficit. I thought the budget process was to reduce the deficit. Well, no. Back when the first time we used that in a big way, we were projecting surpluses. We were reducing the surplus. We weren't increasing the deficit. We were reducing the taxes on the American public. It has become an issue as to whether or not reconciliation should only be used for reducing the deficit and not for increasing the deficit. But the way the law is written, it is straightforward: Just make changes. Those changes could be positive and they could be negative as it relates to the fiscal situation of the country.

RITCHIE: Now what about the Byrd Amendment?

HOAGLAND: [laughs] Oh boy! Man, you've got this stuff down, Don. The Byrd Amendment—gosh, I have been here a long time, haven't I? What this was goes back to reconciliation. And my recollection is that this was because of Senator [Ernest] Hollings that the Byrd Rule came about. I hope I'm right on this. I think I am. We were passing reconciliation and so we instructed the Commerce Committee to change some fees. Again, it's a reconciliation; fast tracked, expedited, can't filibuster. If I remember this correctly, Senator Hollings said he didn't want to do the reconciliation savings anyway that he was instructed to do under that budget resolution, which I think was done under Lawton Chiles that year. He said, "Fine, if I have to do this then I have a trade bill that I have been trying to get considered." It was a textile bill. "And I can't get it considered on the Senate floor under normal procedures. So when they reconcile me, I'm just going to put that into the bill. My response back to the Budget Committee is: "I'll give you your fees that you want for deficit reduction. But you're also going to get the

changes in the trade law that I have been trying to get through.”

As I said, the Budget Committee is not authorized to make any changes. They can only report that which was given to them. This was before the Byrd Rule. What became clear was: Well, my gosh, senators and chairmen who had legislation that was stymied could use this process to do completely unrelated budget fiscal policy issues and get it fast-tracked, non-filibustered, and through the United States Senate. There could be an amendment on the floor to strike it, but remember that’s a majority vote. But that’s better than having to find sixty votes if there was a filibuster.

Rick Brandon, who was the staff director for Senator Chiles at the time, realized we had a problem. Out of that then came one of the changes to the Budget Act in 1987-88, Senator Byrd took credit for this, he was the genesis behind it, which said that, okay, within a reconciliation bill here’s a series of criteria. It had to, first of all, have fiscal consequences. It couldn’t produce new authorizations. It also said that you couldn’t add to the deficit outside the window of the reconciliation structure. So we have this perverse outcome sometimes that we have reconciled tax cuts, as an example, for ten years, but if we had continued those tax cuts beyond ten years, that would have affected the surplus or deficit and so you had to sunset these. Part of the problems with the tax policies in this country sometimes point right back to the Budget Committee because reconciliation says you can’t make these things permanent—in reconciliation. Now you want to make them permanent outside of reconciliation? Go right ahead, but face the full debate amendment process. So the Byrd Rule was intended, and still to this day, to make sure that reconciliation is limited to fiscal policy issues.

RITCHIE: I recall it came up in 1993 when the Clinton health plan was being considered. Leon Panetta, who was chairman of the House Budget Committee, actually recommended to the White House that they do it via reconciliation, and Senator Byrd said—

HOAGLAND: He said no. Another example came up that we were going to do prescription drug benefits. There were a lot of people who said, “Well, let’s just put it into reconciliation.” Including some of my leadership. This was massive legislation. First of all, it’s spending legislation. It includes rules, regulations, implementation, lots of things that are unrelated to effectuating—again, that word I hate—the budget blueprint.

So I argued, “Listen, just like Clinton health care, you should not be using reconciliation for major policy changes that affect so many people.” Now, some people would argue well that should apply to taxes too, but taxes is simply changing a number. Changing the rate from fifteen percent to ten percent. It had major fiscal consequences, but it was not a major setting up a whole new program or something like that. But you’re right.

RITCHIE: Reconciliation is so seductive, because it gets you around all the obstacles that normally have to be overcome.

HOAGLAND: Right, right. It’s interesting.

RITCHIE: Well, I was reading an article that you wrote in 1999 about the Ghosts of Christmas Past and Present in the budget process, which I enjoyed very much.¹ You had a statistic that caught my attention. You said that in all the years—and I guess at that point it had been twenty-five years since the Budget Act had gone into effect—the federal deficit had risen from half a trillion to 5.5 trillion. That raises this question as to why this system that is so elaborate, with all these checks and balances, somehow didn’t control the budget?

HOAGLAND: Yes, I hope I’m not repeating myself here, but I do not think that when you go back and look at the corpus of the Budget Act of 1974, that the Budget Act necessarily had a specific policy outcome envisioned. I think the Budget Act, initially, was truly an accounting device. In the sense of providing some transparency, obviously some shift of more power to the Congress from the Executive over fiscal policy. Quite frankly, I believe that the Budget Act was neutral. If you want to run deficits, run deficits. If you want to run surpluses or if you want to balance, you can do it. I don’t think it started out with a particular goal in mind. It began with the idea of making the elected officials aware of the consequences of the decisions they were making. I think that changed with Gramm-Rudman-Hollings, which comes along in 1985. That changed fundamentally the Budget Act in the sense that it now had a policy outcome and vision and that was to get to balance. And obviously that’s not happened.

¹G. William Hoagland, “Federal Fiscal Policy: Past, Present and Future (or, Be Careful What You Wish For, It May Come Back to Haunt You),” *Public Budgeting & Finance* (Fall, 1999), 88-96.

Gramm-Rudman, in many ways has expired. Pay-go expired in 2002. We try to enforce through tools that we have but I just would simply say that it is, for those of us who still believe deficits matter and balance should be required, it is one of the sad things about the process that we have not been able to achieve that. Again, that process can only go so far. It still requires leadership and the political will to live up to those objectives. I don't think there has been a political will over the last few years. People said deficits don't really matter. Maybe that's changing here.

So we've gone through these cycles. Since 2001 particularly, I don't think people have felt nearly as strongly about the deficit as an issue. Usually, in these polls it doesn't show up. But again, I believe that they do have consequences. I call it the proverbial termites under the front porch. Deficits will continue to undercut our long-term prosperity.

RITCHIE: Well you also mentioned the Ghost of Christmas Future, you say that the demographics are working against us as the population ages, especially when it comes to Social Security and Medicare. Those are essentially political decisions rather than budget decision. People have got to make some hard choices.

HOAGLAND: Yes, and I would simply pick that up by saying I have a paper that I'm working on next week juxtaposing those major issues, while they are political they are huge fiscal issues too. What I would argue is that part of the reason for the focus on earmarks is that it's easier to attack earmarks than it is to do the kinds of changes that might be required to address that Ghost of Christmas Future. If we don't figure out a way to balance our income with our out goal that is back to our projections, I am certain demographics will drive those programs into the future. How to balance that are very, very difficult political decisions and not popular political decisions, either. Raise taxes, reduce benefits, are not things that members of Congress like to consider when they're out on the stump running for reelection.

RITCHIE: The last time there seemed to be any really serious accomplishment was when Dole and Moynihan and Claude Pepper got through the Social Security revisions in the Reagan administration.

HOAGLAND: [Alan] Greenspan. The Greenspan Commission. We were faced, as I recall, that was when I first started working on the budget, we were faced with a crisis. The crisis was literally we couldn't send out Social Security checks. That was within six months or something. So that's the fear I have is that we will survive, but we'll wait until the bitter end to make the adjustments that are necessary. If the adjustments would be done over a period of time, then that might be lesser of an impact. We wouldn't have to do quite as much when the crisis actually hits.

On Social Security, it's obviously very political. Again, a very important program. A major program in the social contract of the United States, as are Medicare and Medicaid. But how we make these changes is very difficult to convince, first of all, the American public, in some ways, that we have to do anything. But second of all, to convince the leadership around and elected officials that, yes, they do need be making these changes. It is the most difficult aspect of this whole budget process.

RITCHIE: I always thought that one of the advantages that Reagan had was that he had half of a Republican Congress and half of a Democratic Congress. That sort of forced a compromise on the issue. It wasn't one party's chore versus the other.

HOAGLAND: Senator Domenici many times used to say that the only solution to this was "simultaneity." He used the term "simultaneity" a lot. I don't know if that word actually exists, but he felt that the only way you were going to address the issue is if we all kind of joined hands, Republicans and Democrats and walked the plank together. In some ways that's what we did in 1997, when we were able to get an agreement with a Republican controlled Congress and Democratic sitting President. We gave and they gave. We gave on some issues and I think that's the essence of the political process. We haven't been able to achieve that kind of a negotiation that we started the discussion with because we've only been negotiating with one side of the table for the last few years.

RITCHIE: When you were a staff director on the Budget Committee, or head of the staff on the minority side, who did you find to be the easiest people to deal with on the other side of the table? In other words, your ranking minority member and others.

HOAGLAND: Well, Lawton Chiles definitely was good to work with. At that particular time, though he wasn't on the committee, he had a major impact, I found it very

easy to work with Senator Bob Kerrey. That's because I think he and Senator John Danforth and Senator Moynihan and others kind of had the same concerns that I had. Maybe that's why I could work with them. Senator Sam Nunn again was not on the committee, but certainly one who I could work with very easily as it relates to some of the social policies we were dealing with back then. It may sound odd, but Senator Harry Reid. He was, for a long period of time there while I was there he was the whip. Senator Domenici and I could never have made it through a number of those budget resolutions and vote-a-thons without Senator Reid. He was a blessing. He helped control. And to be honest with you, George Mitchell, too. Senator Mitchell was somebody that I personally could work with. We wanted to get things done and wanted to keep the process moving. So I was blessed with having been able to know those senators and respect those senators to this day. Some, obviously, have gone on. But those are the ones that come to my mind immediately.

RITCHIE: Were there some who gave you more trouble than others?

HOAGLAND: Well, a senator from New Jersey, Bill Bradley, seemed to give me a little bit of a rough time, and I don't know why that was. But Bill Bradley made some conflicts on the floor. They were minor issues, I'm sure, looking back on it. Part of it, I'm sure, was my naivete as a young staffer at the time. I should add that Senator Byrd was always helpful. He understood the institution, of course, and the process. I hate to say it, but I'm trying to think of senators who gave me a rough time and not too many come to my mind. Some on my side [laughs] may have been a little more difficult to deal with at times.

But, listen, I considered my role to be a staffer. They are the ones with the certificate of election. I tried to respect their position because they were here because of the American public and their constituency. So I did not necessarily feel it was my role to argue strenuously if a position was something against where they were coming from. Again, they were the elected official and I was the staff person. I never forgot my role.

RITCHIE: They were the ones that ultimately had to vote, too.

HOAGLAND: That's true.

RITCHIE: Well, looking over the budget process and knowing that you had so much to do with it over the years, if you were sitting down with the Rules Committee and you could make a change in the process, what do you think would be the best adjustments to it?

HOAGLAND: Well if I had that kind of power, I would recommend that we change the Budget Committee to make it an “A” committee as opposed to a “B” committee. Then I would raise the stature of the Budget Committee by making it a “leadership committee.” I would make it so that the majority leader and the minority leader and the chairmen and ranking members of the major fiscal policy committees; Finance, Appropriations, probably the HELP Committee today, Commerce Committee, those major fiscal policy committees. I would make it a requirement they’d be a member of the Budget Committee. The reason I would have it done this way is so that they, as the leadership and the chairmen of the major fiscal committees, have a buy-in to the product at the beginning of the process instead of being at the end of the process saying, “This damn Budget Committee has imposed this upon me and it never made any sense when they did it,” and yada yada yada. If they were made a part of the process early on, I think that might help in the decision-making process later on for the implementation.

This is a hard one that I’m about to tell you, and my Appropriations staff friends will just scream and holler. I also think, going back to where we were discussing earlier, it’s just a number, who cares? I would have the budget committees, when they adopt a budget resolution, make it *enforceable*. Make it what we call a 302B allocation. In other words, I want to set what the level goes into appropriations to the Defense committee, to the Foreign Ops Committee, to the HELP Committee. I would say if we’re going to vote on the floor to add money to for HHS [Health and Human Services], essentially through the National Institutes of Health, I would make sure that there is a 302B that comes out of the Budget Committee that’s enforceable on the appropriators. That a problem for the appropriators, but I think that would be one other major change.

Then finally on the entitlements side, and in terms of the process itself, the difficulty I’ve seen with the reconciliation process is that we give a one-year instruction, “report back to us in the first year,” and then maybe five and ten years. But they’re aggregates and as a consequence, particularly I’ve seen this with the Finance Committee and the Ways and Means Committee, they’ll hit the first year and then those years that

follow you start seeing strange things to gain the system a little bit by “sunsetting” a tax cut much earlier than the ten-year window. They know what’s happening: they’re going to force another extension. So they’ve been able to take this instruction and even parley it into something that may cost us even more in the long run. What would I do? Again, this would be very controversial. I would say that the Budget Committee, when it reconciles, not reconcile one and at five and a ten years, but reconcile *each* year. That they have to produce a policy that meets the instruction each year instead of gaining those over a ten year period.

I have warmed up to, though I realize it’s still not entirely popular, the idea of some form of changing the budget and appropriation process from an annual process into a biannual. There are limitations to that proposal, but I’ve come to the conclusion that we spend too much time on adopting a budget resolution, passing and appropriation bill, trying to enforce those appropriation bills, and that that time spent subtracts from other legitimate work of the Congress as it relates to the oversight and authorization process.

Part of the reason why Congress failed to get its work done last year was because we were doing other things besides appropriations. I’m not sure I would have agreed with the things we were doing, but other major issues that come before the country; stem cell research, and some of those kinds of issues. As a consequence, Congress and the Senate does not have the time, it seems to me. I feel for a United States senator with all the issues that they have to deal with, and running for election, and constituents, and fund-raising. How can they possibly fully grasp the issue? I think the budget process—I mean budget and appropriations—has consumed too much time to the expense of oversight and authorization. So I would have the budget resolution and appropriations take place in one year; the second session of a Congress be authorization. Or flip it. I don’t care how you do it. Probably I would do it so that the budget and appropriations takes place in the odd-numbered years so that you’re not doing it in election years. Those are some of the ideas.

RITCHIE: Well I know a lot of staff would second your suggestion. So many of them talk about how involved the budget and appropriations process is and then when you’re finished with it, it starts all over again in January. It’s a relentless process.

HOAGLAND: The criticism of it, of course, is that we'll have emergencies that will just increase the number of supplementals. My sense is, yes, it's kind of an adjustment, but it's maybe one supplemental, one major supplemental, not another thirteen bills. When we looked at it, back when Senator Domenici was pushing the idea, there was bipartisan support for it. I don't think Senator Byrd supports it. But what we found was that for the vast majority of those accounts in the federal budget, they're predictable. I mean, they're S&E accounts. You could do them for two years. You don't need to do it every year. There are those accounts that vary, but they're those accounts that have uncertainties associated with them. You're not going to do away with supplementals, but at least you're not running through another thirteen appropriation bills—I guess we've changed it back now to twelve.

RITCHIE: Well, thank you, this has been a wonderful account of a very convoluted process. But you made sense out of it all to me. I'd really like to do another session if you have the time. I'd like to talk about your time with the leadership, and then some general views about the Senate and how you've seen it change over the last twenty-five years or thirty years now.

HOAGLAND: Okay.

End of the Third Interview