



## The Daily Dish

# Rescissions and the Budget Outlook

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This past Friday, Congress passed [H.R.4: Rescissions Act of 2025](#), the legislation in response to President Trump's May 28 [rescissions request](#). Jordan Haring has a [full description](#) of the legislation. Eakinomics will simply note that the legislation included 21 of the 22 proposed rescissions and reduced federal spending by an estimated \$8.9 billion over the 2025-2034 budget window.

For the budgetarily uninitiated (a horrifying thought), the episode raises two questions. What is a rescission, and why should one care? A rescission occurs when the executive branch decides that funds appropriated by Congress are not necessary and should not be spent. As noted above, the president sends a formal notice of this desire to Congress. Congress takes up a rescission under expedited procedures - notably no filibuster in the Senate - and has 45 days (and Friday was day 45 in this instance) to concur or not. If it does, the funds are rescinded and will not be spent.

A rescission stands in contrast to an impoundment, in which the president chooses to unilaterally not spend appropriated funds. Impoundments were made illegal by the 1974 Congressional Budget and Impoundment Control Act, although the Trump Administration is expected to test the constitutionality of the Impoundment Act in the courts. Stay tuned for more on that front.

Why should one care about a rescission? Clearly, it is not about the amount of funds in play. \$8.9 billion is a tiny 0.05 percent of discretionary spending projected over the 2025-2034 window. Instead, rescissions are ways to reset priorities. Recall that in constructing the baseline projections of discretionary spending, the current amounts are assumed to continue and be raised by the rate of inflation. The rescission not only removes the current funding; it takes that activity out of the baseline in the future.

Note for the record that Congress could accomplish the same re-prioritization in the annual

appropriations process. But the annual appropriations can be filibustered and requires 60 votes to pass the Senate. So, in the end, the unique contribution of the rescission is fast-track procedures and the elimination of the current-year funding.

Recissions can play an important role in the annual appropriations process but should not be confused with a route to restoring fiscal sanity.