

# The Reiterative Nature of Budget Reform: Is There Anything New in Federal Budgeting?

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This article will attempt to demonstrate the limitations of budget reforms to bring about fundamental change in budget outcomes. In an effort to determine the extent to which these reforms have had any lasting effect, the author first discusses the history of federal budgeting since the advent of the executive budget in 1921. Second, the author reviews three reforms that are prominent in the U.S. Congress current budget debate—enacting fixed budget targets, granting the president increased power in the budget process through enacting a line item veto, or implementing a performance-based budget. Lastly, the author will cite the limitations of each to bring about lasting changes in budget outcomes or decision processes.

Increasingly, it seems that more and more people (elected officials and the general public alike) believe that budget process reform is the “silver bullet” of federal budgeting—the solution to a dilemma that seems intractable. Many people seem to think that the problems—principally the growth of the federal budget deficit—that have plagued federal budgeting can be solved by procedural changes. But the experience with budget reform in this century belies that conclusion. Further, since most of the procedural changes that continue to be offered by budget reformers are variations on previous budget reform themes, history suggests that these reforms will deliver less than they promise.

This article will attempt to demonstrate the limitations of budget reforms to bring about fundamental change in budget outcomes. First, I will discuss the history of federal budgeting since the advent of the executive budget in 1921 in an effort to determine the extent to which these reforms have had any lasting effect. While there are elements of each of these reforms present in federal budgeting, each has been limited in its ability to effect fundamental (and permanent) change.

Second, I will review three reforms that are prominent in the current budget debate

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in the U.S. Congress—enacting fixed budget targets, granting the president increased power in the budget process through enacting a line item veto, or implementing a performance-based budget—and will cite the limitations of each to bring about lasting changes in budget outcomes or decision processes. The realization that “we’ve been down this road before” should temper our expectation that a return trip will lead us to a different destination.

### FEDERAL BUDGET REFORM: 1921–1993

Historically, federal budget reforms have tended to fall short of meeting their initial objectives. While federal budgeting has changed since 1921 (and several well-known reforms have contributed to that change) many of these lasting changes are much less radical than budget reformers had initially hoped for. The four major twentieth century reforms are those included in the Budget and Accounting Act of 1921, the rational budget reforms of the 1950s, 1960s, and 1970s (primarily performance budgeting, PPBS, and ZBB), the congressional budget reforms of 1974, and the deficit control measures of the 1980s and 1990s (Gramm-Rudman-Hollings and the Budget Enforcement Act). While lofty in ambition, each of these reforms has brought about changes on a much smaller scale than initially promised, in part because our political system tends to militate against radical changes of any kind.

#### *Budget and Accounting Act of 1921*

Prior to the early part of this century, budgeting was characterized by weak executive power, little central control, and processes that were idiosyncratic. Beginning in state and local government, and later extending to the national government, budget systems were developed to increase the chief executive’s power and control over the budget. In addition, budget reformers believed that the establishment of an executive budget would assist mayors, governors, and presidents in managing government activities and making fiscal policy.<sup>1</sup> The early reform movement was focused first and foremost, however, on the effective control of budget accounts. It established economy and efficiency as the primary values of budgeting.

In the federal government, the 1921 Budget and Accounting Act established the Bureau of the Budget (BOB) in the Treasury Department, and (for the first time) required the president to review department budget estimates and submit to Congress an annual budget proposal. In addition, the Act provided an institutional capability for review and audit of executive branch programs through the creation of the General Accounting Office (GAO).

Scholars are often tempted to treat the passage of this Act as a watershed event. Fisher argues, however, that the passage of the 1921 Act, while important, was the culmination of several years of concern with economy in budgeting during which presidents had periodically involved themselves in reviewing the estimates of depart-

ments. The Taft Commission on Economy and Efficiency recommended in 1912 the establishment of a national budget. Under this plan, the president would review department estimates and transmit them in a unified document to the Congress. This executive budget did not become a reality, however, until the passage of the Budget and Accounting Act, which created the Bureau of the Budget, giving it the authority to "assemble, correlate, revise, reduce or increase" department budget estimates.<sup>2</sup>

The Budget and Accounting Act of 1921 was not a sudden change. It followed similar reforms at the state and local level. But the reform has had a lasting effect on the process. This effect has not tracked with the main purposes of the Act—economy and efficiency. Rather, the lasting effect has been to increase presidential power over the budget. While subsequent reforms (principally the Congressional Budget Act of 1974) have offset the trend toward greater executive control over the budget, the fact remains that the president's ability to control spending and coordinate the development of the budget is much greater today than it was prior to the passage of the 1921 Act. In addition, perhaps one of the most lasting legacies of the passage of the Budget and Accounting Act is institutional. Both BOB/OMB and GAO have influenced the debate over budget policy. BOB/OMB has contributed greatly to the ability of the president to control and manage the budget. Further, GAO has substantially increased the ability of the federal government to audit and evaluate the results of federal spending.

#### *"Rational" Budgeting Reforms*

The orientation toward spending control embodied in the 1921 Act eventually gave way to a concern for the ability of the president to manage the affairs of the executive branch and eventually to the use of the budget as a long-run planning tool. The management focus was spurred by the challenges accompanying the increase in federal activities and expenditures coincident with the adoption of the New Deal programs in the 1930s. According to Schick:

No longer was the budget process used primarily to control agency purchases; budgeting became a key decisional process for determining the scope and conduct of public activities. For the first time, there was explicit recognition that government spending means public outputs and services; it no longer made sense to determine the budget by looking only at the inputs.<sup>3</sup>

This need for a management focus was recognized by the influential Brownlow Committee in 1937, which recommended that the Bureau of the Budget be transferred from the Treasury Department to the executive office of the president.<sup>4</sup> This transfer was effected in 1939.

This emphasis on management had implications for budget reform. In response to the report of the First Hoover Commission (1949),<sup>5</sup> a proposal was advanced to integrate more data into the budget process. This proposal, which was referred to as "performance budgeting," was designed primarily to allow managers to develop measures of workload and cost effectiveness. Performance budgeting had a clear efficiency

orientation. The objectives of programs were taken as a given, and the purpose of performance budgeting was to determine the least costly method of achieving them. The emphasis was not on making government-wide budgetary tradeoffs. Its significance stemmed primarily from its emphasis on the integration of program information and budgeting. This emphasis was to be continued in future reform efforts.

Budgeting eventually evolved to a planning orientation, coincident with the development of the so-called "rational" budget reforms, such as program budgeting and zero-based budgeting. Each of these reforms was driven by the perceived limitations of the previous control and management focus. Program budgeting placed its focus on results and on multi-year planning. Zero-based budgeting focused on the base, rather than assuming that existing programs should continue without being subject to detailed annual review.

Did these reforms offer anything new to the budget process? Certainly the changes in orientation that have been discussed by Schick—from control, to management, to planning—represented changes in the emphasis in federal budgeting.<sup>6</sup> If successful, they could have fundamentally changed the process of allocating federal resources.

Many observers argue that the reforms did not enjoy this kind of success for two reasons. First, the process envisioned under these reforms were inconsistent with the political nature of the budget process. Purely "rational" solutions were threatening to those that had an interest in maintaining the status quo. Second, the workload and paperwork requirements of these processes were overwhelming.

Still, there are remnants of each of these reforms on the current federal budgeting scene. There is little doubt that the movement of the Bureau of the Budget (now the Office of Management and Budget) to the Executive Office of the President has given the president more managerial control over the executive branch. In addition, the federal budget process is much more explicitly focused on the future today than it was prior to the adoption of PPBS. Further, modified forms of zero-based budgeting (for example, requirements that agency budget requests be no greater than 90 percent of prior year budgets) are now commonplace, particularly during times of fiscal stress. Finally, the emphasis that program budgeting gave to the analysis of outcomes resulted in an increased capacity for policy analysis to be used in the federal budget process. This has continued to the present.<sup>7</sup>

#### *Congressional Budget and Impoundment Control Act of 1974*

Each of these previous reforms were focused on increasing executive control over the budget. They did not focus on congressional review. In fact, prior to 1974 the congressional "budget" was the cumulative (and somewhat accidental) result of legislation affecting annual discretionary appropriations, mandatory programs, and revenues. The Congress never examined or voted on overall spending or revenues or the appropriate stance of fiscal policy.<sup>8</sup> The lack of a systematic and encompassing procedure for dealing with the budget placed the Congress at a distinct disadvantage when dealing with the executive branch.

The significance of this shortcoming was not lost on congressional budget reformers. In fact, the eventual passage of budget reform legislation in 1974 represented the culmination of thirty years of efforts to increase congressional influence over budget-making. In 1946, the Congress passed the Legislative Reorganization Act, which provided for a fixed budget ceiling to be enforced through a concurrent resolution. This process lasted only two years, eventually succumbing to the realities of the political system.<sup>9</sup> The problem did not disappear, however, and by the 1960s, the increased importance of spending authorized outside of the appropriation process caused renewed interest in coordinating congressional budget activity.

The Congressional Budget and Impoundment Control Act, passed in 1974, attempted to strengthen the congressional role in the making of the budget by beefing up and centralizing its budgetary capacity. It provided for additional committees and staff. The House and Senate Budget Committees, along with the concurrent budget resolution, were created to coordinate the congressional consideration of the budget. The Congressional Budget Office (CBO) was established as a source of nonpartisan analysis and information relating to the budget and the economy. To curb the president's ability to replace the spending judgment of Congress with his own, the Act also included a new procedure for dealing with impoundments.<sup>10</sup>

The Congressional Budget Act has met some of its goals, but not others. The Budget Act has led to a reassertion of the congressional role in budgeting, an expansion of the budgetary and economic information available to the Congress, an increase in the attention of the Congress to the *whole* budget, and the control of presidential impoundment power. The Act is not considered to be as successful in two other respects. First, deadlines for enacting budget resolutions and the passing of appropriation bills have routinely been missed. Second, and perhaps more significantly, there was nothing in the law that forced the Congress to deal with the alarming deficits that had appeared by the mid-1980s.

The major lasting effect of the Congressional Budget Act has been to swing the pendulum back in the direction of legislative control, nearer to where it had been prior to the passage of the 1921 Act. This would arguably not have occurred without the extraordinary impoundment actions taken by President Nixon. In fact, opponents of the 1974 Act urge a return to the principles embodied in the Budget and Accounting Act in an effort to encourage that the president be held more personally responsible for the budget.<sup>11</sup> These opponents argue that the 1974 Act has impeded the ability of the political system to confront large budget deficits.

### *Deficit-Based Budget Reforms*

By the mid-1980s, the federal deficit had grown large enough to occasion a new set of reforms aimed specifically at curbing the growth of the national debt. These reforms are a significant departure from the previous three reforms in that they attempted to guarantee a specific budget outcome—at least in the aggregate—rather than focusing on institutional relationships or on information provided for the budget process.

In particular, the need to raise the ceiling on the national debt to more than \$2 trillion for the first time was a major trigger for the passage of the Balanced Budget and Emergency Deficit Control Act of 1985, or Gramm-Rudman-Hollings (GRH).<sup>12</sup> GRH—which aimed to reduce the size of the deficit by specified amounts each year until expenditures were in balance with revenues—was a direct reaction to the perceived inability of the Congressional Budget Act to force the elimination of large-scale deficits.

The deficit, of course, did not come down as promised by the Gramm-Rudman-Hollings legislation. In fact, the fiscal year 1993 deficit (which would have been zero had the original law met its goal) is currently projected by CBO to be over \$300 billion.<sup>13</sup> The Act did put a premium on short-term budgeting; under GRH, all that mattered was the single year for which the projections were being made. These annual targets were complied with through short-term fixes and budget gimmickry.<sup>14</sup>

The successor to Gramm-Rudman-Hollings, the Budget Enforcement Act (BEA), passed in 1990, responded to the problems of GRH by making three important changes. First, annual deficit targets were essentially eliminated. Second, limits on the level of discretionary spending were established through fiscal year 1995. Third, a new enforcement process, called pay-as-you-go (PAYGO), was set up in order to ensure that any tax or mandatory spending changes were deficit-neutral. The importance of these changes were that they focused attention on those actions that the Congress and the president could control (spending and revenue actions) rather than those that they could not (primarily, the performance of the economy).<sup>15</sup> By doing so, they represented a retreat from the GRH focus on the achievement of specific targets.

The results under these two reforms were (or should have been) predictable. GRH, which attempted to force action to achieve targets only partially under the control of the Congress, was unsuccessful in achieving this goal. The BEA, which attempted to enforce the 1990 budget agreement by constraining the actions of the Congress, has been more successful in achieving that end but has fallen prey to events that it did not attempt to control.<sup>16</sup> But the deteriorating performance of the economy and the unexpectedly large increases in mandatory spending programs (particularly Medicare and Medicaid) have resulted in deficits that are much larger than those envisioned when the BEA was passed. Thus, the BEA may be viewed as successful on its own terms but is viewed as a failure by those (including many members of Congress and many in the general public) who use the existence of large deficits as a performance measure for the budget process.

As the deficit continues to be a major motivator of budget policy, budget enforcement will continue to be an issue for the Congress and the president to grapple with. At a minimum, the Omnibus Budget Reconciliation Act of 1993 (OBRA 1993) included both an extension of the discretionary caps to 1998 and a reaffirmation of the PAYGO process for mandatory spending and revenue legislation. Other, more radical, changes may be in the offing as well, fueled in part by the continuing inability of politicians to tame the deficit monster.

While there is no doubt that federal budgeting has changed during the twentieth century and that the various reforms cited have contributed to this evolution, none of the reforms has resulted in the wholesale changes in budgeting processes or outcomes that each promised when enacted. Most of this time has been spent “tinkering at the margins,” but certain aspects of each reform have had a lasting effect on the way federal budgets are now put together.

This is not surprising. The federal budget process, like the political process, tends to discourage large changes rather than promote them. The least challenged part of incremental budget theory is its description of budget outcomes. That is, the budget tends not to change very much from one year to the next. The process changes only marginally as well. Any large scale changes that have been attempted (PPBS comes to mind) have not progressed any further than the political system would allow.<sup>17</sup>

While reform requires risk taking, budgeting is highly conservative. A budgeting system that promoted reform, rather than constraining it, would allow for much more substantial changes from year to year. Promoting change, however, necessitates a process that is flexible. The recent history of the budget process, however, is one of *decreasing* flexibility, mainly resulting from the need to keep elected officials from taking actions (cutting taxes and raising spending) that are perceived to be in their electoral interest but which would increase the federal budget deficit.

#### **AN ANALYSIS OF PROPOSED BUDGET REFORMS AND THEIR POTENTIAL TO EFFECT SUBSTANTIAL CHANGE**

It may be interesting to demonstrate that past budget reforms have been incremental and constrained in their ability to bring about fundamental change. But what's past is past. What can the experience of these reforms tell us about the prospect for fundamental change in the future? For one thing, it tells us that, all other things being equal, marginal changes in the current process are more likely to have lasting currency than larger-scale changes. Second, it tells us that, even if major reforms are attempted, there is limited potential for them to deliver as much as they promise.

But there is a third constraint on the ability of many of the most-often proposed reforms to bring about fundamental changes to federal budgeting because many of these reforms are recycled versions of past attempts to change the budget process. In that sense, while we may not know precisely what their future effect would be, the past can offer us some clues.

Three types of currently-proposed budget reforms will illustrate this point: (1) enacting annual targets designed to force action (such as a balanced budget amendment and caps on mandatory spending); (2) increasing presidential authority through enacting the line-item veto or some statutory alternative; and (3) establishing performance-based budgeting. These proposals will almost certainly continue to be on the table in

the 103rd Congress (and beyond). For this reason, it is useful to consider the potential of each to bring about any fundamental reform to federal budgeting. If they seem likely to have an effect, it is important to consider what that effect might be. If they seem likely to have no appreciable effect, it is reasonable to ask why legislative time and attention should be devoted to them.

### *Enacting Budget Targets*

In spite of the experiences under Gramm-Rudman-Hollings, where the use of fixed deficit targets designed to force policy changes proved unsuccessful as a strategy to reduce the deficit, the use of other such targets continues to be advocated. Perhaps the two most prominent examples are a proposed balanced budget amendment to the Constitution and proposed statutory caps on mandatory spending.

*Balanced Budget Amendment.* A constitutional amendment to require a balanced federal budget, if enacted, would make annual budgetary balance the most important goal of federal budgeting. This goal, however, is essentially identical to the goal stated in GRH—to reach a fixed annual deficit target. In that sense, the balanced budget approach has already been tried and failed. The amendment would likely lead to short-term fixes and evasions and would be unlikely to meet its objective since it would change no specific budget procedures and does not trigger any specific action. In fact, detailed legislation would be necessary in order to enforce it.<sup>18</sup>

A balanced budget amendment would be unlikely to achieve its objectives for the following specific reasons:

- It is not clear what should be included in the budget that is to be balanced.
- It is difficult to design a balanced budget rule that would give sufficient flexibility for dealing with recessions and other shocks.
- It is impossible to design a balanced budget amendment that is not open to evasion and gimmickry. Gramm-Rudman has shown us that fixed deficit targets are particularly amenable to such chicanery.

The tax increases and spending cuts included in the Omnibus Budget Reconciliation Act of 1993 fall far short of what would be necessary to comply with a balanced budget rule. Therefore, the success of a balanced budget amendment is tied to establishing a plan to take additional specific actions to significantly reduce the deficit and designing credible legislation to enforce these actions. But if agreement could be reached on a plan for reducing the deficit and on enforcement legislation, a balanced budget amendment would be superfluous. Therefore, an effective balanced budget amendment faces the same challenge that recent deficit reduction efforts have faced—the need to muster enough political will to convince elected officials and the public to agree to a painful mix of spending cuts and revenue increases that would balance the budget. That is, of course, exactly what the nation has been unable to do in the past decade. Amending the Constitution is unlikely to change that calculus. If not, there is



nothing to suggest that enacting a constitutional amendment represents a meaningful budget reform; rather it is Gramm-Rudman-Hollings by another name.

*Caps on Mandatory Spending.* Approximately half of all federal spending is for entitlements and other mandatory spending. Payments for these programs are governed by formulas that are set in law, and spending is not constrained in the annual appropriation process. The Budget Enforcement Act's pay-as-you-go procedures were designed to prevent enactment of legislation that would erode the mandatory spending cuts and revenue increases that were enacted as a result of the 1990 budget agreement. They were not designed to prevent growth in mandatory spending that results from increases in beneficiary populations, inflation, increased use of services, or any other factors that are not directly under the control of the Congress and the president.

During the 102nd Congress, the Bush administration and various members supported the concept of placing an enforceable cap on mandatory spending. This proposal would tie the growth of spending for individual programs to the increases in the eligible population and inflation, plus a transitional percentage that would allow the change to be phased in. It would also establish a sequestration procedure to enforce a breach of that cap. Savings would be achieved if spending were held to the cap level because the costs of some programs, notably Medicare and Medicaid, are estimated to grow much faster than their beneficiary populations and general inflation.

Many advocates of this approach do not accompany the call for a mandatory cap with policy proposals to achieve the reductions in individual programs that are needed to avoid sequestration. Because even most advocates of a mandatory cap agree that an across-the-board sequestration is not an acceptable way to achieve the desired reduction in mandatory spending, however, the cap is likely to be met only if such specific policy changes are enacted. Simply placing a limit on an entitlement program is no substitute for changing the policies controlling it. In particular, getting a handle on mandatory spending involves reforming the health care system in a way that controls rapidly escalating costs. The prospects for the cap to result in fundamental reform, therefore, are inexorably tied to the ability of policymakers to make difficult choices about mandatory programs—choices that have heretofore proved elusive.

#### *Increasing Presidential Power Through the Item Veto and Expanded Rescission Powers*

Many presidents have sought to increase their authority in the budget process by being permitted to reduce or eliminate specific items in appropriation bills, a power possessed by forty-three of the fifty state governors. These presidents have argued that an item veto would empower them, as representatives of the general interest, to reduce low-priority or locally oriented—so-called pork-barrel—projects. Many proponents of this change cite substantial assistance that would be offered by the item veto in reducing the deficit.

Giving the president item veto or similar power would certainly represent a shift in the constitutional balance of powers, but it is unlikely to have any significant effect on

deficits. Because the item veto and its statutory substitutes would apply only to discretionary spending, which represents only 40 percent of total outlays and is growing much more slowly than mandatory spending, the item veto's potential to reduce the deficit or control spending is necessarily limited.

The item veto has limited potential to reduce even the discretionary portion of the budget. First, it would be difficult to implement, since (unlike state appropriation bills) federal appropriations do not contain discrete line items.<sup>19</sup> Further, any reductions in appropriations from item vetoes are likely to be replaced by other spending, so the only result would be a shift in the composition of spending. Only presidents who value reduced spending over pursuing their own spending priorities are likely to even try to use the item veto for deficit reduction. Evidence from studies of the states' use of the item veto supports this claim; state governors have used it to shift state spending priorities rather than to decrease spending.<sup>20</sup>

The item veto is unlikely to be enacted as a constitutional amendment because proposed statutory alternatives have generated more support in the Congress. The most popular of these would expand the current powers of the president to propose rescinding appropriated funds under the Congressional Budget and Impoundment Control Act of 1974. Expedited rescission proposals (such as H.R. 1578, which passed the House in April of 1993) are the most limited in their grant of authority to the president. They would require the Congress to vote on proposed rescissions with a simple majority prevailing on the vote. At present, the Congress can kill the proposed rescissions simply by failing to act on the proposal. Therefore, a combination of the inherent limitation of any item veto and the limitations placed on the form of the item veto that seem most likely to be enacted combine to make it unlikely that major changes will result, even if such a veto were enacted.

Ultimately, it is most likely that the real effect of the item veto would be to shift the pendulum back toward a greater presidential role in budget-making. In this sense, the item veto would represent a movement away from the post-1974 trend toward greater congressional control over the budget. Thus, the item veto is as much a reaction to the perceived irresponsibility of the Congress (as the 1974 Budget Act responded to the perception of presidential excess) as it is a tool for deficit reduction.

### *Performance-Based Budgeting*

Legislation introduced in both the 102nd and 103rd Congresses would mandate strategic planning and performance measurement for federal agencies and would require several pilot projects in agencies, linking performance measurement to the budget process.<sup>21</sup> In addition, the inception of an effort (embodied primarily in Vice-President Gore's performance review) to review the operation of the executive branch includes a charge to review "performance-based budgeting."

Proponents of performance-based budgeting cite its potential to bring about a basic change in the resource allocation process. This would occur, according to proponents,

from focusing less on "line-items" and more on program results. The Congress would instead reduce its detailed control over the budget by providing more spending flexibility to agencies in exchange for the ability to hold these agencies accountable for achieving performance targets.

History suggests that there are limited payoffs that would come about from performance-based budgeting, since using performance measures for allocating government resources implies a transformation of current processes, which are heavily focused on inputs, to an outcome-oriented system. In a performance-based budgeting system, the Congress and the president would focus primarily on expected results rather than on dollars appropriated. But while such a system may be desirable, it is impossible to mandate that decision makers—mainly the president and congressional committees—actually use it. Attempts to create a demand by fiat have failed in the past, as demonstrated by reforms such as PPBS and ZBB.

If policymakers were to demand information on the relationship between dollars and results, however, real changes in the budget process could occur. Reporting information on the results of government programs in government financial statements can improve the capacity to create such information in addition to developing a demand for it.<sup>22</sup> This demand will develop slowly (if at all), however, and involves a substantial change in the current federal budgeting "culture." In the final analysis, the largest potential for real payoffs may be in the area of agency management of the resources after they are provided in the budget process. Performance-based budgeting is not likely to have any short-run effect on the way resources are allocated. This is not to say that results-oriented measurement is not itself a positive step, but that its potential to bring about a sudden transformation in the way that government resources are allocated is not fundamentally different today than it was during the heyday of PPBS.

## CONCLUSION

The chances are not good that fundamental changes in the manner of allocating federal budgetary resources will occur in the foreseeable future. If history serves as any guide, future changes will have at least three characteristics. First, despite promises of large-scale reform from supporters, they are likely to represent only marginal changes to the existing process rather than wholesale reforms. Second, some of these changes will survive in the face of further marginal adjustments to the process while others will be more transitory. Third, a great many "reforms" may themselves represent slightly changed versions of previously attempted modifications of the budget process.

Regardless, the 103rd Congress may hold more chance for the enactment of proposed budget reforms than usual, owing to a combination of three factors. First, there are a great many new members, including more than 100 in the House of Representatives. Many of these new members—for better or worse—may be particularly amenable to reform ideas. One of these ideas that is certain to resurface is the balanced budget amendment, which the House leadership agreed to place on the legislative

agenda in return for the support of some House Democrats for OBRA 1993. Second, the recommendations of the Joint Committee on the Organization of the Congress, which is scheduled to issue its final report sometime in 1993, are almost certain to include some that would reform the budget process. Third, the Vice President's National Performance Review will focus in part on the budget process and is likely to address issues such as multi-year budgeting, performance-based budgeting, and reduced controls on agencies (so-called "micromanagement") by the Office of Management and Budget and congressional committees.

There are at least two reasons that, even given this more welcoming environment, process changes are unlikely to result in substantial change in the resource allocation process. First, to the extent that the federal budget deficit is a driving force behind budget policy, process changes are not themselves sufficient to bring about a solution to the deficit problem. The process can enforce compliance with decisions to reduce the deficit—indeed, the 1993 Reconciliation Bill included an extension of the BEA for that purpose—but it cannot force those actions to be taken. Second, as has been argued above, the tendency to focus on changes at the margin and to revisit past themes and ideas is an established characteristic of budget reforms. We may wish for a "silver bullet"—a process that will lead to solutions to our major budget policy dilemmas—but (despite promises to the contrary) history indicates that this wish is likely to go unheeded. We will have to look outside of the budget process for the achievement of budget nirvana.

#### NOTES

1. Allen Schick, *Budget Innovations in the States* (Washington: The Brookings Institution, 1971).
2. The preceding relies upon the excellent account contained in Louis Fisher, *Presidential Spending Power* (Princeton: Princeton University Press, 1975): 9–31.
3. Schick, *Budgeting Innovation in the States*, 27.
4. U.S. President's Committee on Administrative Management, *Report with Special Studies* (Washington: U.S. Government Printing Office, 1937).
5. U.S. Commission on Organization of the Executive Branch of the Government. *Budgeting and Accounting* (1949).
6. Allan Schick, "The Road to PPB: The Stages of Budget Reform," *Public Administration Review* 26 (Dec. 1966): 243–258.
7. Aaron Wildavsky, "Rescuing Policy Analysis from PPBS," *Public Administration Review* 29 (Mar./April 1969): 189–202.
8. Alice Rivlin, "The Need for a Better Budget Process," *The Brookings Review* (Summer 1986): 3–10.
9. Robert D. Lee and Ronald Johnson, *Public Budgeting Systems*, (Rockville, MD: Aspen Publications, 1989): 159.
10. In the early 1970s, President Nixon routinely engaged in the impoundment of funds, a practice which engendered hostility in the Congress. See Lee and Johnson, *Public Budgeting Systems*, 161.
11. Louis Fisher, "Federal Budget Doldrums: The Vacuum in Presidential Leadership," *Public Administration Review* 50 (Nov./Dec. 1990): 693–700.
12. The current debt ceiling, as raised by the Omnibus Budget Reconciliation Act of 1993, is \$4.9 trillion.

13. Congressional Budget Office, *The Economic and Budget Outlook: An Update* (September 1993).
14. Allen Schick, *The Capacity to Budget* (Washington, D.C.: Urban Institute Press, 1990).
15. For additional details on both GRH and the BEA, see Philip G. Joyce and Robert D. Reischauer, "Deficit Budgeting: The Federal Budget Process and Budget Reform," *Harvard Journal of Legislation* 29 (Summer 1992): 429-453.
16. See Chapter 6 of Congressional Budget Office, *The Economic and Budget Outlook: 1994-1998* (January 1993).
17. This is not to say that budget processes are not sometimes used to further particular outcomes. For example, Louis Fisher argues that, without the Budget Act's reconciliation process, the large changes enacted in 1981 would not have been easy to achieve. See Fisher, "Federal Budget Doldrums."
18. See statement of Robert D. Reischauer before the House Committee on the Budget, May 6, 1992.
19. See Louis Fisher and Neal Devins, "How Successfully Can the States' Item Veto be Transferred to the President?," *Georgetown Law Journal* 75 (Oct. 1986): 159-197.
20. See James Gosling, "Wisconsin Item Veto Lessons," *Public Administration Review* 46 (1986): 292-300; Glenn Abney and Thomas Lauth, "The Line Item Veto in the States: An Instrument for Fiscal Restraint or an Instrument for Partisanship?," *Public Administration Review* 45 (1985): 372-377. David C. Nice, "The Item Vote and Expenditure Restraint," *Journal of Politics* 50 (1988): 487-499 and Douglas Holtz-Eakin, "The Line Item Veto and Public Sector Budgets: Evidence from the States," *Journal of Public Economics* 36 (1988): 269-292. For a study that reaches a different conclusion, see W. Mark Crain and James C. Miller III, "Budget Process and Spending Growth," *William and Mary Law Review* 31 (1990): 1021-1046.
21. The bill that generated the most legislative interest was S. 20, a proposal that had been sponsored by Senator Roth (R-DE) since the 101st Congress. Senator Roth, with the co-sponsorship of Senate Governmental Affairs Committee Chairman John Glenn (D-OH), reintroduced S. 20 during the 103rd Congress; an almost identical bill (H.R. 826) was introduced in the House by Government Operations Chairman John Conyers. Both committees held hearings on performance measurement legislation in the 103rd Congress, and each reported bills (to the full House and full Senate, respectively). On May 25, 1993, H.R. 826 passed the full House by unanimous consent. On June 23, 1993, the Senate passed S. 20 by unanimous consent. The House approved S. 20 on July 15, and President Clinton signed the bill on August 3, 1993 (Public Law 103-62).
22. For example, the Governmental Accounting Standards Board has advocated that state and local governments include information on service efforts and accomplishments as a part of their financial reports. See, Governmental Accounting Standards Board, *Service Efforts and Accomplishments Reporting: The Time Has Come* (1990).
23. For a more detailed discussion of the connection between performance measures and budgeting, see Congressional Budget Office, *Using Performance Measures in the Federal Budget Process* (July 1993).

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