



Broken Budgeting

A View of Federal Budget Making from the Trenches

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Introduction

Improving the decisions that are made in constructing the annual federal budget has been a central goal of reformers in this country for at least a century and a half. Major reforms were implemented in the late 1860s, with the creation of the congressional appropriations committees to debate and approve all government spending, independent of the congressional committees that authorize the spending. In 1921 the passage of the Budget and Accounting Act established the executive branch budget process, and in 1974 the passage of the Congressional Budget Act created a mechanism by which Congress could attempt to improve the coordination between tax policy, discretionary spending, and entitlement spending.

The 1974 act has been amended repeatedly since it first became law. It has been widely criticized as a failure but there is a divergence of opinion as to what changes would be necessary in order to make it effective.¹ Both the Clinton and George W. Bush administrations undertook major executive branch initiatives to require large-scale standardized data reporting by agencies, which they argued would improve the information available to those charged with allocating government resources. As we undertook this research project, the Obama administration was just putting together its own plans for revising the requirements for how federal agencies collect and report data used in budget preparation.

It is in this context that we conducted the research described in this paper. While many of those demanding reform were arguing that government should be run more like a business, we noted that no one had done what the gurus of private-sector management reform advocated—people such as W. Edwards Deeming and Peter Drucker, who championed objective-oriented, performance-based management, based on detailed information about the operations of business gathered from the employees of firms.

In short, the promoters of business practices in government had not walked the federal government's equivalent of the plant floor and sought the advice of its production workers.

We decided that information should not be left untapped. We sought out the perspective of those who had hands-on, everyday experience in analyzing federal program objectives, measuring program performance, and determining how available resources should be divided among competing government priorities. Specifically, we wanted to know what role information played in their decision making, what information they used, how they evaluated that information, and what additional information they would like to have.

The group we selected to speak with had a wide range of experience in government budgeting. There was a total of 32 people, the large majority of whom were currently employed as budget professionals in either the executive or legislative branch of government. A few were recent retirees. Among the interviewees within the executive branch, some were at the agency level, others at the departmental level, and still others were at the Office of Management and Budget, which oversees the executive branch budgeting process. Among those in the legislative branch, some were employees of the House and others employees of the Senate. The group included staff from authorizing committees, as well as the appropriations committee, and from the Government Accountability Office, the investigative arm of Congress. Also included were two members of Congress with significant roles in oversight and budget.

Most of the budget professionals had played multiple roles during their careers. Six had, at some point in their career, been at the Office of Management and Budget, while 19 had served at some point in a departmental budget office, and 13 had been in an agency budget office. A total of 22 had worked at one time or another for Congress. Altogether the group had more than 600 years of government service in the field of budgeting. The interviewers promised all individuals who agreed to be interviewed that their names and identifying characteristics would be kept confidential in order to maximize the openness and candor of the discussions.

We found the interviewees to be an impressive group of individuals. By and large they displayed an extraordinary breadth of knowledge, and nearly all of our interviews provided us with numerous penetrating and thoughtful insights. For the most part, these individuals were nonpolitical. Most, in fact, had careers that, over time, required them to work for leaders in both political parties. While they dealt with the federal budget from a variety of institutional perspectives, they saw the evolution of the process by which the government makes spending decisions in ways that were remarkably similar.

This paper presents their view of the federal government's "factory floor" and "production processes." It is not a pretty picture.

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- Boosting government productivity by streamlining management and strengthening operations in the areas of human resources, information technology, and procurement
- Building a foundation for smarter decision-making by enhancing transparency and performance measurement and evaluation

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