LINE ITEM

The Newsletter of ASPA's Association for Budgeting & Financial Management May 2009

ABFM 2008 AWARDS

Aaron Wildavsky Award

For lifetime achievement in the field of public budgeting and financial management. Presented by Rebecca Hendrick to:

Dr. W. Bartley Hildreth, at the time Kansas Regents Distinguished Professor of Public Finance and Interim Dean of the W. Frank Barton School of Business, Wichita State University.

Michael Curro Student Paper Award

For the best paper written in a class or under faculty supervision. Presented by Katherine Willoughby to: **Sarah Arnett**, under supervision of Professor Gregory Lewis, Georgia State University, for "Budget Rules and Financial Management Quality: An Empirical Analysis of the U.S. States."

Katherine Willoughby took over as Chair from Rebecca Hendrick at the ABFM Conference in Chicago, October 2008.

Chair's Message

By Katherine Willoughby, ABFM Chair

Just as a down economy plumps university enrollments, so too does it enhance the opportunities for academicians and practitioners of public budgeting and financial management to contribute to solving enduring government budget and fiscal problems. In fact, much more than opportunity, today's state of affairs serves as a call to arms to our members. The United States federal deficit is expected to "explode" past $1.8 trillion this year – with almost half of every dollar spent on loan! Also, in spite of the flow of federal stimulus dollars to states, these governments still expect shortfalls totaling well over $200 billion in the next two years. The fiscal stress experienced by U.S. local governments is profound. Cities like Flint, Michigan are developing their own "deficit elimination plans" because in the words of that government's council president, "if you don't present the deficit reduction plan, the state will come in and make drastic cuts. You've got to operate within the means that you have. You can't have hope budgets. You have to have realistic budgets."

Since our 2008 federal symposium, I have been struck by the similarity of our country's budget woes at all levels of government with chronic illness. Currently, our family is grappling with a benign though unceasing malady experienced by our second son who is suffering from a twitch

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below his right eye. While seemingly a mere nuisance, the muscle spasm has remained active for the last six months, with only brief periods of dormancy. The constancy of the twitch leads to headaches and after very, very extensive periods of activity, a droopy eyelid. While not life-threatening, advancing through senior year of high school for the sufferer has been a challenge. Early on, my son researched his condition online – stumbling onto numerous websites and blogs (one termed, "The Blog from Another Dimension") and was eventually able to define the problem as "ocular myokymia." Derived from Greek meaning "bag of worms" or "muscle wave", the *Companion to Clinical Neurology* (Pryce-Phillips 2003, 631) defines the condition as "involuntary, localized, persistent quivering contractions of a muscle due to a process arising in the peripheral portion of its motor nerve and leading to spontaneous, synchronous, repetitive discharges of motor unit potentials." Goodness! Still, just defining the problem seemed to offer us all a bit of relief.

The next part of the journey toward a cure included visits to optometrists, ophthalmologists, neurologists, neuro-opthomologists and assorted specialists. Then, after brain scans, vision tests and other various exams involving hammers and nails, pinching, twisting, turning around and clicking heels three times in the pitch dark and under a spotlight, relief strategies were narrowed down to the following:

- ***Do nothing*** Unfortunately, this just exacerbates the problem by heightening anxiety. The problem might as well not be acknowledged in the first place. Didn't this get us into the current budget mess? A "head in the sand" mentality will never help alleviate symptoms or lead to a cure of human illness or our current public budgeting problems. In fact, since the demise, reprise and ignoring of PAYGO and certainly prior to the 2008 Presidential campaign, we have seen little in the way of defining the problem of the federal budget. Let's define the problem here: *we spend more money than we bring in*.

- ***Medicate*** Without a doubt, this works in terms of immediate relief. In the case of myokymia, muscle relaxers can provide some respite from the twitch. Yet, barring very measured (code for disciplined) use of the medicine, behavior becomes "loopy" and addiction and weakening of the muscles around the eye are sure to follow. Regarding current budget problems, things like recovery tax rebates to individuals and federal bailouts of corporations provide some immediate (although not complete) relief. Unfortunately, like pills, this type of relief is short lived, cannot be sustained and leads to a weakened state.

- ***Shot of Botox*** More American today than baseball or apple pie, a shot of botox can be a more efficient treatment of muscle spasms than pills. Endure a needle in the eye for a nanosecond and the twitch is quieted, with no loopy behavior. However, this strategy offers relatively short-term relief, though a month or more of relief is better than the few hours offered by a dose of Valium. Likewise, a shot of stimulus funds will not solve our country's budget problems. In the words a recent GAO report, "countercyclical federal assistance to address the current recession will not alleviate the long-term structural fiscal challenges facing state and local governments." Translation, "humongous infusions of (borrowed) cash will not cure our public budgeting ills."

- ***Manage the Problem*** Management of chronic illness or a structural budget problem entails defining it, researching and developing a host of strategies (relief, cure or solutions) to address the problem, timing employment of the various strategies for the most effective results, then actually engaging strategies with discipline. A mix of strategies may be unevenly engaged, but the illness or problem must be managed in a comprehensive way. Managing myokymia, for example, requires that we address my son's diet, sleep and academic and athletic schedules, consider the periodic application of medication and balance all this with intermittent shots of botox, all while remaining up-to-date on medical breakthroughs (innovation). Such management allows for the tweaking and oversight of strategies to accommodate an individual's symptoms of the chronic condition that vary by frequency, magnitude and duration. In the case of our budget problems, immediate strategies like across the board or targeted spending cuts and/or increasing or restructuring debt must be considered along with longer term programmatic changes and reorganizations, as well as revenue enhancement strategies like changing tax structures and many other possible strategies. Importantly, both sides of the budget equation must be addressed. In the words of Jonathan Justice, "politically palatable but unsustainable coping tactics will not suffice."

Today's call to arms requires that we in ABFM help generate solutions for the management and cure of the bag of worms that public budgets in America have become. Our members have knowledge from experience, scholarly research or both to support public policy makers, managers and citizens in what must be a collective quest – to address our budget problems, generate solutions and manage the timing and effective engagement of balancing strategies. Relief will not be instantaneous or complete, but I have faith, particularly in the skills of our members, that over time and by focusing on a cure, we face a brighter, clearer and more balanced future. I look forward to seeing you this September at our annual meeting and hearing about your ideas to realize such a future.

References:

Justice, Jonathan, (2009) "Coping with Fiscal Stress" (January) Alliance for Innovation available at: http://www.transformgov.org/files/whitepaper/3a_How_Organizations_Cope_with_Fiscal_Stress_Jonathan_Justice.pdf

Government Accountability Office, (2009) "Update of State and Local Government Fiscal Pressures" (January) GAO-09-320R.

Pryce-Phillips, William, (2003) The Companion to Clinical Neurology, 2nd edition Oxford University Press.

(***ABFM 2008 Awards,*** *continued from page one*)

ABFM 2008 AWARDS

PFP Jesse Burkhead Award

For the best paper published in *Public Budgeting & Finance* in 2007. Presented by John Mikesell to: **Justin Marlowe**, Assistant Professor, Department of Public Administration, University of Kansas, for "Much Ado About Nothing: The Size and Credit Quality Implications of Municipal OPEB Liabilities."

S. Kenneth Howard Award

For lifetime achievements by a practitioner in the field of budgeting and financial management. Presented by Kurt Thurmaier to:

David M. Walker, former Comptroller General of the United States and head of the Government Accountability Office; Currently President and CEO of the Peter G. Peterson Foundation in New York, N.Y. Accepted on behalf of David Walker by Paul Posner.

ABFM

Association for Budgeting and Financial Management

21st Annual Conference
September 24-26, 2009
Washington, D.C.

Washington Marriott Hotel
1221 22nd Street NW
Phone: 1-202-872-1500
Toll-free: 1-800-393-3053

Registrations for 2009 will be accepted starting in June.

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Call for Nominations for ABFM 2009 AWARDS

Aaron Wildavsky Award

Nominations are now being accepted for the Aaron Wildavsky award, which is presented to honor the lifetime scholarly accomplishments of Aaron Wildavsky. It is presented annually to a distinguished scholar in the field of public budgeting and financial management for lifetime achievement. The award recipient should be an outstanding scholar as judged by his or her record of publication and service to the field over a sustained period of time. Nominations should include a 1-2 page letter outlining the significant accomplishments of the nominee, the nominee's vitae, and no more than two additional letters. Nominations should be sent by June 5, 2009, to Katherine Willoughby at: kwilloughby@gsu.edu. A committee will determine the award winner.

S. Kenneth Howard Award

Nominations are now being accepted for the S. Kenneth Howard Award to be presented at the annual conference in Washington, D.C., September 24-26, 2009. The S. Kenneth Howard Award is presented annually to recognize the exemplary work and professional integrity of an individual who has devoted a significant part of his or her public service career to the advancement of public budgeting and financial management. Several recent winners of the S. Kenneth Howard Award have divided their careers between the academy and the practitioner world. A person nominated for the award may have split their career in this way, or may have contributed to learning and the advancement of knowledge through significant work as an adjunct faculty member, continuing education instructor or trainer, or other educational activities. Nominations should include the nominee's full name and affiliation; a description of the nominee's career achievements including information on their work in the public sector and in educational activities; and a curriculum vitae or résumé if available. Nominations should be sent by June 5, 2009, to the chair of the S. Kenneth Howard Award Committee: Stacey Mazer at: SMazer@nasbo.org. A committee will determine the award winner.

Michael Curro Award

Nominations are now being accepted for the Curro Student Paper Award. Graduate students who have written outstanding papers in the field as part of a course, independent study, or other faculty supervised projects are eligible. The paper must be nominated by a faculty supervisor and must have been written between June 2008 and May 2009. The paper may not have been previously presented at a professional conference. Papers written by more than one student are not eligible. The papers can represent a variety of formats and topics within the broader interests of ABFM. In the past, papers have included traditional research efforts, critical literature comparisons, or analyses of financial documents. The topics have ranged across the discipline to include papers on federal budgeting, local government financing, state revenue sources, capital planning, trends in debt issuance, financial and accounting practices, and financing of specific policy functions. Papers will be judged by both academic and practitioner members of ABFM and will be evaluated according to general criteria: contribution to the field, the appropriateness of the methodology, the quality of the research analysis, clarity of writing, logic of presentation, and originality and creativity. Faculty members responsible for nominating students should send a letter of nomination that includes the student's name, the degree the student is pursuing, the school name, when the paper was written, and the thesis or purpose of the paper. If the paper was written for a class, please include the name of the course and when the course was offered. If the paper was part of the student's extracurricular duties, please describe these duties. A financial award and commemorative plaque will be presented to the winner. Authors of other top papers not selected will be encouraged to present their papers in appropriate ABFM panels. Conference registration will also be waived for the winner. Nomination letters and copies of student papers should be sent as e-mail (.doc file) attachments by June 26, 2009, to Dr. Justin Marlowe at: jmarlowe@ku.edu. A committee will determine the award winner.

Federal Budget Process Focus of Federal Plenary at 2008 ABFM Conference

The federal plenary at the 2008 ABFM Conference was entitled "One Sick Bird: Prescriptions to Heal the Federal Budget Process." The plenary discussants were **Irene Rubin** (Professor Emerita, Division of Public Administration, Northern Illinois University), **Roy Meyers** (Professor and Director, Sondheim Public Affairs Scholars Program, University of Maryland, Baltimore County) and **Paul Posner** (Professor and Program Director, Public and International Affairs, George Mason University). (**Pictured left to right in the photo above.**) The following provides a summary of their comments on the state of the federal budget process. **Roy Meyers** noted that Rubin's perspective was negative in her comments in Public Administration Review (PAR) July/August 2007 titled, "The Great Unraveling." He indicated that PAR would have a symposium coming up in March/April 2009 dealing with federal budgeting. The title of the conference symposium was derived from the Monty Python skit on the dead parrot – in other words, comparing the federal process to a sick bird – we continue to insist the process is doing O.K., against all evidence to the contrary.

Irene Rubin commented that the current fiscal crisis and federal response necessitates modifying what was originally planned. "Before saying the process failed or didn't succeed, we need to determine the budget's function: what we expect it to be," she said referring to her 2007 PAR article.

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(**Federal Plenary**, *Continued from page 4)*

She enumerated the many things that have happened since her 2007 PAR article likening it to "the gorilla in the room," including the greater than one trillion dollar deficit in 2009, emergency supplementals, decreasing transparency and accountability, lack of prioritization and predictability, and increasing partisanship.

Paul Posner said that it was "the worst of times for budgeters" because we lack a political or market force to make us pay attention. He indicated that "if we want change in the process, we need to change the politics." In his view, we need the process more than ever to exercise discipline, but politics won't let it occur. In essence, we have dispensed with the process, but we may be reaching the bottom, which may cause things to change. The market may be placing constraints on the process. The market meltdown has made the deficit more significant and less amenable to change. There is confusion about how to recognize the bailout in the federal budget and, in addition, the stimulus funding is coming down the pike. No one knows what the interaction of these two crises will be. The budget process needs to adapt to the emergency situation and confront changing circumstances; there is less necessity for balance and more need for an added variety of budget tools. Many budget concepts no longer seem relevant: there is a need to redefine balance and deficit and annularity may no longer make sense. There continues to be a need to design a process that will allow conflict to be resolved.

Roy Meyers indicated that he is a proponent of a unified budget. He said that for the budget process to work, you have to make the rules work. Since the rules don't work at the moment, Meyers believes a proposal is needed to develop a new consensus. He suggests Congress confront four issues: 1) the lost connection between the budget and macro-economic policy; 2) the need for a budget concepts commission related the broken allocation function in the budget; 3) Congressional committee structure needs reform (too decentralized and out of date); 4) reduce conflicts. Meyers notes that in terms of the prospects for change, we no longer think we know what the solutions are, but we do know that we need to determine what those solutions should be. In comments from the audience,

ABFM member, **Phil Joyce**, noted that there is a need for political consensus to create fiscal rules. He stated that rules don't work unless the norms support them, but values that support the rules are not clear. The closing comments by panelists of the federal symposium were hopeful in identifying that there is a need to reinvent the budget process and to be sure that proposals are on the table when the window of opportunity for action opens.

Recent ABFM Member Job Changes

W. Bartley Hildreth, Wichita State University, is the new Dean of the Andrew Young School of Policy Studies at Georgia State University.

Carol Ebdon will be rejoining the faculty at the University of Nebraska, Omaha from the position of Finance Director at the City of Omaha.

Hua Xu started his current job as Assistant Professor at Auburn University, Montgomery in spring, 2009. His previous position was at the School of Public Affairs and Administration at Rutgers, Newark.

Two doctoral students at the University of Nebraska, Omaha have accepted their first tenure-track faculty positions: **Qiushi Wang** at the University of Texas, Arlington and **Boris Morozov** at Louisiana State University.

George E. Hale is re-joining ABFM a after 25 year lapse and returning to teaching after 29 years in government. In the fall, he will be moving from his position as Chief Executive of Baltimore County (Maryland) Revenue Authority to faculty member in the Department of Political Science at Kutztown University in Pennsylvania.

Upcoming ABFM Elections

The ballot will be out to members shortly. Don't forget to vote!

ABFM News You Can Use:

Free Access Offer of *Public Money & Management* to ABFM Members. Free online access for 2 months. In January 2009, Routledge became the proud publishers of Public Money &Management on behalf of CIPFA. Public Money & Management is a popular review of policy and management issues in the public services and regulated industries. To celebrate this new partnership, Routledge is providing members of the Association for Budgeting and Financial Management free **online access until 30th June 2009**. Access includes 28 years worth of articles from Public Money & Management, from Volume 1, 1981 up to Volume 28, 2008. To access this free content please visit the Journal's home page at: www.informaworld.com/rpmm, click on the 'Got a Voucher?' link and enter the voucher code V3MMANG0001AAC1. For further information on this offer please contact katie.thompson@tandf.co.uk.

2008 ABFM Conference Papers. You can now read many of the papers from the 2008 conference thanks to authors who wanted to make them available to you. Go to http://www.abfm.org/annual_conference.htm and Click 2008 Conference Papers.

Our thanks to **Bryan Sullivan,** Director of Management Efficiency, State of Delaware, Office of Management and Budget, for the ABFM 2008 Conference photos included in this edition.

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