

# Budget & Finance

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## Ninth Annual Conference a Success

Nearly 150 persons gathered from around the nation--and as far away as France and New Zealand--in Washington, D.C. on November 6th to attend the Ninth Annual Conference on Public Budgeting and Finance. The theme of this year's conference was *Budgeting and Finance for the 21st Century: Fast Forward to the Future*. The theme was present in the various plenary sessions and in the many conversations during the session breaks throughout the weekend at the Washington Marriott. While it is impossible to present reports from each panel sessions, this issue contains a small sampling of the issues and ideas that were tackled at the conference. Among the conference highlights were remarks from this year's winners of the Wildavsky and Howard awards, Roy Bahl and David Mathieson and the keynote address by Representative Robert Livingston (R-La.)

## Snippets from the Opening Plenary: The Changing Role of the Public Finance Officer

*Mike Curro, GAO introduced the plenary with these remarks.*

When the Program Committee first began discussions concerning this year's conference, it was remarkable how quickly consensus was reached on the need to address the changing role of the public finance professional. We all recognized that something was happening; that old rules were changing; that knowledge, skills and abilities that served the budgeteer and financial manager of the past were being, at best, expanded and, at worst, challenged. Each of us for different reasons and from very different perspectives, agreed that the expectations and the responsibilities assigned to budget and financial officers were changing.

### **"So, my first image of the budgeteer: Chicken Little with stripes and a messianic complex."**

But to what? And for that matter, from what? That last question proved to be interesting and led some of us to tell our favorite anecdotes. Because no other member of the Program Committee is at this podium, let me tell you mine. While in graduate school, I happened to meet the budget officer for a state agency. I asked him how he would describe his job. With little hesitancy, he replied, "Well for the first six months of any fiscal year, my role is Chicken Little. I tell everyone that the sky is falling, that there is too little available and too much to do. Then for the next five months, I'm Sgt. Bilko, wheeling and dealing, stretching every dollar, especially for the "boss needs." Then, in the last month of the fiscal year, I become biblical: my role is to multiply the available loaves and fishes so that all needs can be met." So, my first image of the budgeteer: chicken little with stripes and a messianic complex.

Several years later, I happened to meet a regional finance officer for a federal agency. I asked him the same question: How would he define his job? He answered by turning around and pulling a form from a carousel that was behind his desk. It was a standard federal travel voucher, a typical finance form with many vertical and horizontal lines creating many oddly shaped and sized boxes, each having a little white space and a lot of fine print to tell you what to put in the white space. Except this form; this one also had no margins. The finance officer had created no less that *seven* additional rubber stamps very long and narrow stamps which were used to "fill up" the margins with additional "certifications." I asked why he did this. He said, "Now when the claimant signs this form I know that the reimbursement is legal and proper." So, my first image of the finance officer: a fixation on process and form, with no concept of or concern for content.

## Roy Bahl Receives Wildavsky Award

Roy W. Bahl, Professor of Economics and Dean of the School of Policy Studies at Georgia State University received the Aaron B. Wildavsky Award for lifetime achievement in public budgeting. In accepting the award, Bahl stated that there are four things he ultimately would like to accomplish with his work: 1) have a profound effect on government, with his work on every shelf; 2) be interdisciplinary with his work referenced in multiple fields; 3) be able to sell it, so that it is not lost in the crowd of material; and 4) leave a legacy of good students. He noted that Aaron Wildavsky's work accomplished all that and more.

Bahl reflected on the major changes in his field during his career so far and identified four. First, the use of value added taxes around the world, which has changed the way we think about taxation. Second, the demise of socialist public finance systems in the late 1980s and the change to taxation on profits and income. Third, the revolution in high technology and communications which has made tremendous amounts of information available, provided new industries to tax, and raised a host of ethics issues including problems with ensuring privacy of information on taxes. The final major change has been the growth in dissatisfaction with government. This dissatisfaction has led, Bahl said, to a worldwide movement to deregulate and decentralize government.

The major focus in economics during his career, Bahl said, has been on revenue issues. In the future, he believes, the focus should return to questions about expenditures. He listed the following issues as his candidates for economists to consider: measurement of public sector output and productivity, privatization, government consolidation, and distribution of the benefits of expenditures.

Bahl concluded by suggesting that any move to examine expenditure questions anew should begin with a rereading of the work of Aaron Wildavsky.

~ Dan Ahearn ~

## Student Paper Award Goes To Wichita State Student

Carol F. McMillan was the winner of this year's student paper competition. Carol's paper, "Local Government Debt in Sedgwick County, Kansas: 1985-1995," was selected from among this year's nominees for its clarity of expression and comprehensive treatment of the timely topic of debt. Carol presented her paper during the student paper panel at the ABFM conference. She received a plaque, an honorarium, and a travel stipend from ABFM to recognize her achievement. Carol received her MPA in May 1997 from Wichita State University. W. Bartley Hildreth, Distinguished Professor of Public Finance of the Hugo Wall School of Public and Urban Affairs (and previous ABFM Chair) nominated Carol's paper.

~ Paula S. Kearns ~

## Mathieson is Practitioners Howard Award Winner

David Mathieson began his career in public budgeting and finance as a budget analyst in the US Bureau of the Budget in 1961. In his remarks accepting the Howard Award for lifetime achievement of a practitioner, Mathieson looked back over his distinguished career in public service and found that it had evolved right along with the notion of user charges for funding public budgets. Noting that perceptions about the role of user charges changed over time, Mathieson began his remarks by tracing the evolution of user charges from the last days of the Eisenhower administration to the present.

Mathieson argued that in the late Fifties and early Sixties, the primary focus of budget policy was on the Keynesian notion of "balancing" the economy as a whole. Defense spending, within the context of the Cold War, was a major concern. Government spending was viewed in terms of public goods. This thinking focused the attention of policy-makers on taxes rather than user charges. The purpose of funding a program was to benefit all individuals rather than just a few.

Mathieson noted that there were some inconsistencies in the general thinking about public goods. For example, gasoline taxes were used to fund highways. Payroll taxes were used to fund social security. However, acceptance of the public goods concept prevented policy makers from making a connection between certain programs funded from dedicated taxes and the concept of user charges.

Mathieson credited the public management movement with moving the focus of budget policy from public goods to an attempt to understand incentive systems created by budget policy. Public perceptions began to change as taxpayers related dedicated taxes to the specific goods and services paid for from dedicated revenues. He cited the example of the Nuclear Regulatory Commission as an example of an agency now funded 100% by user charges. Today, user charges represent a part of the conventional wisdom and complement the concept of public goods.

Mathieson laced his discussion of "Marx, Keynes, Marshall and the evolution of the lowly user charge story" with anecdotes and humor that was both entertaining and informative. He is currently a Consultant and Counselor for the Public Management Service at the Organization for Economic Cooperation and Development (OECD).

~Doug Snow~

Visit the ABFM Home Page!  
<http://www.pubadm.fsu.edu/abfm>

## Summary of Speech by the Honorable Robert L. Livingston (R-LA)

*Chairman of the House Appropriations Committee  
to ABFM Awards Luncheon Friday, November 7, 1997  
Washington, DC*

Working with giant pie charts of the federal budgets of 1962 and 1997, House Appropriations Committee Chairman Robert Livingston divided the budget into four major components--defense discretionary spending, discretionary nondefense spending, mandatory spending (entitlements), and super-mandatory spending (interest on national debt)--and discussed changes in their relative sizes over the last 35 years.

Speaking almost totally in terms of percentages of the total budget, the chairman pointed out that growth of entitlements and debt payments have greatly reduced the portion of the federal budget available for discretionary spending. Further, he showed how only the reduction in defense spending effort after the collapse of the Soviet Union had prevented drastic cuts in nondefense discretionary spending.

Mr. Livingston expanded on the implications of the past trends in the super-mandatory, or debt service, budget segment. After tracing past and recent efforts to achieve balanced budgets and control the mandatory and super-mandatory segments, the chairman asked the audience to consider the implications of Congress, citizens, and experts having been fixated on the deficit for so long, but now being confronted by the expectation of budget surpluses.

Suggesting a surplus may be realized as soon as the end of this fiscal year, Mr. Livingston said we now must consider what to do with a surplus. Furthermore, surpluses may continue for a number of years, depending on economic conditions. Among the possibilities, he suggested that paying down the national debt should be considered thoroughly and pragmatically.

Chairman Livingston was charming, witty, and as knowledgeable as his almost twenty years in Congress could provide. His emphasis in speaking to our group seemed to be on pragmatism and bipartisanship.

*~ James F. Smith ~*

(Representative Livingston was elected to the House as a Republican from Louisiana in a special election in 1977.)

## Call for Proposals

The ABFM Executive Committee is soliciting proposals from around the nation for organizations and cities wishing to host the ABFM Conference in the year 2000. The decision on the conference site is made two years in advance, which means that the decision for the year 2000 conference will be made at the executive committee meeting held in conjunction with next fall's ABFM conference. Contact Merl Hackbart for more information.

## From the Chair

I want to thank all of you for the wonderful year that I've enjoyed serving as the chair of the Association for Budgeting and Financial Management. It's been an interesting and exciting year. I feel we've moved ahead in several areas that will have positive results in future years:

- We've initiated, under the leadership of Executive Committee member and Membership Chair, Paul Posner of GAO, an aggressive outreach program to new and expiring members. Although our letters to those whose ASPA membership has lapsed more than three months have produced some surprising responses, we're confident that our efforts will help retain our colleagues who are interested in budget and financial issues. Furthermore, we've seen immediate results from canvassing ASPA members who are financial practitioners or academics but not members of the section.

- The section now has an official logo, designed by Christine Jewett, the new PA Times staff member whose creativity was evident in our October conference advertisement. You'll begin seeing this logo more often; it gives the section an identity that is recognizable and attractive.

- We've been able to hold the line on conference hotel charges from 1997 to 1999 by signing a three year contract with the Washington Marriott.

- We've begun to assess the feasibility of moving the annual conference outside Washington, D.C. in the year 2000, with the possibility of rotating it biennially - one year in D.C. and one year in another site. We've been terribly successful in Washington, attracting the top public finance talent year after year to our conferences. We can gain other perspectives by offering the conference to other talent-laden cities across this country. Merl Hackbart is the trail boss for this effort. Contact him if you are interested in helping out.

The only way a chair survives her or his term is with the assistance of an outstanding Executive Committee: Bob Lee, 1996 chair, who provided me with some face- and lifesaving advice; Fred Thompson, 1998 chair, who was always there when I needed him; and Doug Adams, Merl Hackbart, Phil Joyce, Paul Kearns, Linda Lazer, Paul Posner, Justine Rodriguez, Kurt Thurmaier, Mike Bourgeois and Henry Thomas. You all made this board sing! Thanks to all of you and the many, many others who contributed to a successful year.

See you in 1998.

*~ Karen A. Stanford ~*

If you would like to receive this newsletter via email, please send your name and ZIP code to [thurmaier@ukans.edu](mailto:thurmaier@ukans.edu). It will be sent in WORD/Win95 format.

**ANNOUNCING!**  
**Ian Axford (New Zealand)**  
**Fellowships in Public Policy**

The Commonwealth Fund of New York invites applicants for the 1999 Ian Axford (New Zealand) Fellowships in Public Policy. The deadline for the receipt of applications is March 25, 1998.

The fellowships give outstanding American professionals at a mid-career level the opportunity to study, travel, and gain practical experience in public policy in New Zealand, including firsthand knowledge of economic, social and political reforms, and management of the government sector. The program aims to reinforce New Zealand/United States links, improve public policy development by the cross-fertilization of ideas and experience, and build up a network of public policy experts on both sides of the Pacific. Applicants must be U.S. citizens and submit a formal application.

For information and an application, contact: Robin Osborn, The Commonwealth Fund, One East 75th Street, New York, NY 10021-2692 (email: ro@cmwf.org), or see the Commonwealth Fund's World Wide Web home page (<http://www.cmwf.org>).

**Call for Nominations**

*1999 Chair-Elect and Members of the Executive Board*

Whom would you like to see as the next ABFM Chair? as your representative to ABFM's Executive Board? Please send your nominations to 1998 Nominating Committee Chair Karen Stanford via email ([kstan1125@aol.com](mailto:kstan1125@aol.com)), or mail to 3861 Windermere Road, Tallahassee, FL 32311.

If you wish to nominate someone other than yourself, please obtain permission from the nominee before you submit the name.

Nominations must be received by January 15 to be included in the election ballot. Election ballots will be mailed with the spring issue of the newsletter.

(tear off)

I nominate \_\_\_\_\_

for the position of \_\_\_\_\_

on the 1998 ABFM Executive Board.

Respectfully submitted,

**THE UNIVERSITY OF KANSAS**

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