

# Budget & Finance

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## Association Officers, 1997

### *Chair*

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## The Future of Discretionary Spending

**Roy Meyers**, who moderated this panel at the 1997 ABFM conference, noted there that the hard freeze caps of the recent balanced budget agreement would likely result in continued real discretionary spending cuts, creating a mismatch between strategic plan goals (from GPRA and the CFO Act) and available funding.

**Tony McCann**, a subcommittee staffer of the House Appropriations Committee, agreed that the agreement caps appeared likely to stick. If so, one might expect an increased "Balkanization of the Budget" and more budget gimmickry. So the budget caps would not so much reduce spending as change the responsibility for it to mandatory items such as the new Violent Crime Trust Fund, the continuing Highway Trust Funds, and the proposed mandatory spending for the child adoption bonus. McCann saw another issue in the question of improving government management when there appears to be little popular support for doing so.

After reviewing what current and forecast cuts have meant for the Department of the Interior, **Bob Lamb** suggested that discretionary spending pressures might place new emphasis on creative financing measures. For example, the Land and Water Conservation Trust Fund is supported by "earmarked" funds from rents and royalties from the Outer Continental Shelf, but funds are still appropriated for each purchase of land. He suspected that a rallying cry to the public on what needs to be fixed would help gain support for discretionary spending programs.

**Mark Weatherby** of OMB pointed out that the caps in the Balanced Budget Act largely excluded inflation except for approved pay raises. Despite the multiyear nature of the Act, it is possible that programs that were protected in FY 1998 (such as Headstart and National Parks) might not necessarily be protected in the future, or a new program like food safety might become protected. Some agencies are looking at "earmarked" financing from user fees although it is likely that those funds would have to be scored by the Appropriation Committees. Other agencies are considering either privatizing programs such as the rural telephone bank or seeking to move a program from discretionary to mandatory categories.

**Bill Thomas** of the CBO reviewed its role as an independent source of analysis, review, and costing, and he examined the impact of the latest budget agreement on national defense spending. Defense will be allowed some increases but not quite enough to pay for inflation. Despite large cost growths in programs for the elderly, it does not appear likely that defense spending will be a useful source of future big cuts to finance other programs. The Quadrennial Defense Review proposed reductions in active duty and reserve forces, but those cuts do not appear to be politically acceptable.

In sum, continuing large growth in mandatory spending and efforts to control budget deficits led panelists to anticipate continued pressures to control and reduce discretionary spending. Earmarked financing, moves from discretionary to mandatory status, and privatization appear to be strategies that agencies and advocates will advance in efforts to continue discretionary programs.

~ James True ~

## Call for Nominations:

### Howard Career Achievement Award

The Association for Budgeting and Financial Management, a section of the American Society for Public Administration, is accepting nominations for the S. Kenneth Howard Career Achievement Award.

The award, presented annually as a memorial to Kenneth Howard's outstanding contributions to his profession, recognizes the exemplary work and professional integrity of selected individuals who have devoted a significant part of their public service careers to the advancement of public budgeting and financial management.

The selection criteria used in evaluating nominees include a career that demonstrates a record of significant public sector accomplishments over a period of years, in areas such as:

1. Technical applications of budgeting, accounting, auditing, financial analysis and reporting, tax and revenue administration, treasury and debt management.
2. Development of significantly improved policies, procedures and systems to enhance accountability and improve performance.
3. Leadership in government, academic institutions and/or professional associations.
4. A record of sustained and close professional working relationships with elected public officials at all levels of government.
5. A lasting contribution to the public's confidence in the financial integrity of one or more jurisdictions in which the nominee has been associated.

Nominations should include an explanation of how the nominee meets the selection criteria and may also include other pertinent information. Nominations will be accepted from individuals or organizations until May 1, 1998. Send to: Professor Robert D. Lee, Jr., School of Hotel, Restaurant, and Recreation Management, The Pennsylvania State University, 201 Mateer Building, University Park, PA 16803 Voice: 814.863.0720 Fax: 814.863.4257; e-mail: rdl@psu.edu

### Wildavsky Award

The Wildavsky Award is intended to honor the lifetime achievement of Aaron Wildavsky as a scholar in the field of budgeting and financial management, with clear emphasis on public budgeting where he made his greatest contribution.

With approval by Aaron Wildavsky and his family, the award was established in 1993 by the Association for Budgeting and Financial Management (ABFM).

The award recipient should be an outstanding scholar as judged by his or her publication record and record of service to the field, generally with a demonstration of aca-

demical achievement over a considerable period of time.

While the award is intended to be given annually, it need not be given if, in the view of the Awards Committee, a suitable candidate has not been nominated. The award shall be given annually at the awards luncheon of the ABFM annual conference.

A one-page letter describing the accomplishments of the nominee is acceptable. Send nominations for receipt no later than May 1, 1998, to the Chair of the Wildavsky Award Committee: Dr. Marilyn Rubin, Dept. of Public Management, John Jay College, 445 W. 59th Street, New York, NY 10019; e-mail: mmr@intac.com

## Call for Papers and Presentations

**November 5 - 7, 1998**

It's the tenth annual meeting for ABFM. To celebrate four tenth year, with anticipation for many more, ABFM is seeking proposals from practitioners and scholars on budgeting and financial management topics.

We're looking for papers and presentations in several topic areas which have become nearly a standard for our conference:

1. Budget process and innovation
2. Budget theory
3. Accounting
4. Taxes and revenues
5. Capital budgeting and debt financing
6. Financial markets

Across these topic areas, we are inviting the following possibilities for your consideration:

- Jurisdiction: federal, regional, state, local, international, and intergovernmental, and
- Substantive issues: environment, education, welfare, performance measurement, paperwork reduction, downsizing, the impact of technology, devolution, balanced budgets.

We want to hear from you! What topics would *you* like to attend at the conference?

Please submit a proposal for a panel or presentation which describes its scope and content, its title, and any time/date restrictions you might have between noon Thursday and noon Saturday. If you are proposing a panel, please include panelists' names and their proposed topics as well.

Proposals should be sent no later than May 1, preferably by e-mail (fthompso@willamette.edu) to: Dr. Fred Thompson, Willamette University, Atkinson Graduate School of Management, Salem, OR 97301

Further conference details, including registration information, will be included in the summer issue.

# ABFM Official 1998 Election Ballot

*For chair-elect (vote for one):*

- \_\_\_ **Merl M. Hackbart**  
\_\_\_ **Other** (write in name below)
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RETURN BALLOT BY MAY 1st to:

Karen A. Stanford, Executive Director

Florida Government Accountability to the People Commission  
3861 Windermere Rd.  
Tallahassee, FL 32311

*For Executive Committee (vote for three):*

- \_\_\_ **Beverly Bunch**  
\_\_\_ **John Forrester**  
\_\_\_ **Rebecca Hendrick**  
\_\_\_ **Justine Farr Rodriguez**  
\_\_\_ **Other** (write in name below)
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**MERL M. HACKBART** is Professor of Finance and Public Administration at the University of Kentucky. He is also a Senior Fellow at the Council of State Governments and serves as a Special Advisor to the Governor's Office for Policy and Management. Dr. Hackbart is on the ABFM Executive Committee and is a member of ASPA. He was the first Director of the Martin School of Public Policy and Administration and has served as State Budget Director for two previous governors. He also is a member of the Kentucky Council on Postsecondary Education and serves on the Kentucky Consensus Revenue Forecasting Group. His research has focused on debt management, public portfolio management and public finance.

**BEVERLY BUNCH** is an Associate Professor in the Public Administration Program at the University of Texas at San Antonio. Her major research area is state and local government capital budgeting and debt management. She has worked for the Texas Bond Review Board, the City of San Antonio Budget & Research Department, and the Government Finance Officers Association (GFOA). She has a Master's Degree in Public Administration from the Maxwell School at Syracuse University and a Ph.D. in Public Policy from Carnegie-Mellon University.

**JOHN FORRESTER** is an Associate Professor in the Department of Public Administration at the University of Missouri-Columbia. He has been at UMC since 1987, conducting research and teaching classes in public budgeting theory and practice, financial management, and the public administration profession. He is on the editorial board for the *American Review of Public Administration* and most recently for *Public Administration Review*. He has also published in several journals, including *Administration & Society*, *The American Review of Public Administration*, *Policy Sciences*, *Policy Studies Review*, *Public Administration Quarterly*, *Public Administration Review*, *Public Budgeting & Finance*, *State and Local Government Review*, and the *Urban Affairs Quarterly*. He also has published chapters in several books, including *Budgeting: Formulation and Execution*, *Federal Budget and Financial Management Reform*, *Handbook of Comparative Public Budgeting and Financial Management*, *Research in*

*Public Administration: Issue on Public Budgeting Theory* (forthcoming), and *The International Encyclopedia of Public Policy and Administration*. Locally, he was the secretary/treasurer and is now the vice-president of the Missouri Institute of Public Administration, chaired the City of Columbia's (MO) Finance Advisory Committee from 1996 through 1997, and has served on the Governor's Commission on Management and Productivity, Fiscal Affairs Committee, since 1995. He received his DPA degree from the University of Georgia in 1988.

**REBECCA HENDRICK** has recently taken a position as an Associate Professor in the College of Urban Planning and Public Affairs at the University of Illinois at Chicago. Prior to this appointment she served as director of the Master of Public Administration Program for six years at the University of Wisconsin- Milwaukee. She received her Ph.D. from Michigan State University in 1986 and began teaching at UWM just prior to receiving her degree. Rebecca teaches budgeting and financial management, research methods, program evaluation, performance monitoring, and policy analysis. She also has conducted numerous training sessions on evaluation, monitoring, and analysis for public officials in the Milwaukee area, and recently developed curriculums on budgeting and accountability for elected officials sponsored by the Milwaukee Public Policy Forum. Rebecca's research covers similar topics and has appeared in public administration journals such as the *Journal of Public Administration Research and Theory* and *Public Administration Review* as well as more general public policy and political science journals (*Policy Studies Review*, *Journal of Politics*, and *Social Science Quarterly*). She has been a member of ASPA and ABFM since 1985.

**JUSTINE FARR RODRIGUEZ** is Deputy Associate Director for Economic Policy at the U.S. Office of Management and Budget. In addition to economic issues, she has worked on budget concepts, federal accounting standards, implementation of the Results Act, and this year's initiative, "Budgeting for Results." She has served one term on the Executive Committee, helping to keep ABFM informed about the rapid transformation of federal budgeting and accounting into an integrated information and incentive system.

## PROFIT & LOSS STATEMENT

7-1-96 through 12-31-97

### INCOME

Conference Revenue:		
Ad Revenue	660.00	
Conf Sponsors	4,500.00	
Registration Fees	<u>29,695.00</u>	
TOTAL Conference Rev.		34,855.00
Interest		572.50
Membership Rebates		<u>21,149.00</u>
TOTAL INCOME		<u>56,576.50</u>

### EXPENSES

Administration		1,551.51
ASPA Nat'l Conf		336.24
Awards		948.87
Conference Exp:		
Administration	494.58	
Advertising	1,029.89	
Hotel	26,668.00	
Supplies	<u>1,930.02</u>	
TOTAL Conference Exp.		30,122.49
Exec. Conf Call		986.46
Journal		22,258.75
Mailing Labels		124.00
Newsletter:		
Postage-Newsltr	1,537.74	
Printing-Duplic	1,229.44	
Newsletter-Other	<u>1,528.75</u>	
TOTAL Newsletter		4,295.93
Postage-General		268.86
Travel		<u>300.00</u>
TOTAL EXPENSES		<u>61,193.11</u>

Total Income - Expenses -4,616.61

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## BALANCE SHEET

As of 12/31/97

### ASSETS

Cash and Bank Accounts		
ABFM Checking	5,186.87	
ABFM Savings	<u>26,949.92</u>	
TOTAL Cash and Bank Accounts		32,136.79

Other Assets		
Account Recv	<u>2,470.00</u>	
TOTAL Other Assets		2,470.00

TOTAL ASSETS 34,606.79

### LIABILITIES & EQUITY

LIABILITIES		
Other Liabilities		
Accounts Pay'bl	<u>13,635.44</u>	
TOTAL Other Liabilities		13,635.44
EQUITY		<u>20,971.35</u>

TOTAL LIABILITIES & EQUITY 34,606.79

## From the Chair

### Thinking About the Finance Function in an Age of Reinvention

For the last two years I have been working with government reinventors in the Department of Defense, first through the Office of Performance Improvement and Management Reengineering in the Comptrollers shop and more recently at the Headquarters of the Air Force Materiel Command. I like what they are trying to do and have observed some success. But the successes are few and far between and unlikely to achieve much that is lasting, let alone the transformation in government called for by the National Performance Review.

One big problem is management turnover. Bosses change every 2-3 years. Moreover, management teams in government do not move from assignment to assignment together. Rather, the federal government appears to treat individual managers like interchangeable parts, to be moved around willy nilly from one slot to the next, without consideration for organizational performance or team cohesion. This inhibits initiative and leads to short planning horizons, not only because inexperienced managers tend to cling to what they know best -- rules, regulations, standard operating procedures, but also because inexperienced managers are unlikely to delegate authority and responsibility. Moreover, if they know that they won't have to rely on their current subordinates in the future, they are also unlikely to invest in their subordinates development now.

Another big barrier to wholesale reinvention within the federal government is the squeamishness of even committed reinventors to shedding employees. They seemed to be genuinely averse to people losing jobs as a result of their efforts, even if those jobs are somewhere else in the organization. Of course, large scale productivity improvement in the Department of Defense and depends upon the elimination of hundreds of thousands of jobs.

One last factor that mitigates against reinvention is the waiver process. Reinventors must often fight through multiple layers of review to get waivers. The Defense Commissary Agency, for example, notes that it must use the Defense Transportation System for overseas transport, the Defense Information Systems Agency for communications services, and the Defense Finance and Accounting Service for financial services. It claims that in each of these instances commercial suppliers could provide substantially better service at a lower price. But they have to go to their suppliers for relief: we have to go to the proud parent and tell them their baby is stupid and ugly ... its no surprise that they don't want to hear that.

Some of these agencies are threatened by reinvention or staffed by individuals who philosophically oppose reinvention and who are doing everything in their power to sub-

vert it. For example, some staff offices (e.g., the Office of Civilian Personnel Policy in the Office of the Secretary of Defense) use the law (e.g., veterans preference) or administration policy (e.g., the Priority Placement Program) to prevent the implementation of policies they disapprove of (e.g., the Science and Technology Laboratory Personnel Demonstration projects). Otherwise they would be willing to grant relief from procedural rules and regulations in exchange for results meeting the objectives of the laws or policies they purport to defend; they are not.

It is in fact fairly common for headquarters staff offices to forget that they are service centers, not mission centers, and to see the are found in personnel or central supply offices. We budget and finance guys are often found leading the defense of the status quo, especially where our turf is threatened. We seem to spend about half our time enforcing legislative intent, fiduciary controls, and budget processes, and the other half circumventing them. At the same time, we often cannot provide the information operating managers need to improve mission performance. Increasingly, I find myself wondering: are we part of the solution or part of the problem? Do we really make government better? Do we add value to the goods and services delivered to the citizenry? Or, do we merely add red tape to a process that is already choking on it. What do you think?

*Fred Thompson*

### ARE YOU ABFM WITH AN ASPA PREFERENCE?

The ABFM executive committee stays focused on section activities, particularly organizing our annual conference. However, we know that among our nearly 1,000 members, we have those who are much more likely to participate in ASPA conferences. ABFM would like an active presence at the ASPA conferences so we're looking for members who would like to organize panels and otherwise oversee an ABFM presence at the ASPA annual conferences.

Contact Karen Stanford either at [kstan1125@aol.com](mailto:kstan1125@aol.com) or (904) 414-8445 (day phone).

## Smith Richardson Foundation, Inc. Governance Program

This program has three primary areas of interest: public finance, public management, and regulatory policy. The Foundation seeks opportunities to examine the advantages and disadvantages of various reform proposals in each of these areas, develop new alternatives, and inform policy makers about how important programs can be sustained over the long term. The Foundation seeks projects that examine issues such as the effect of tax systems on economic growth, the distributional effects of the tax code, and the optimal design of the tax system, and the advantages and disadvantages of a broad range of management strategies, such as competitive contracting, performance budgeting, and the reallocation of responsibilities among various levels of government. In addition, the Foundation seeks to enhance our knowledge of regulatory reform and deregulation strategies.

For initial grant inquiries, a concept paper or letter of application is sufficient. The submission should include the following, but should not exceed five pages:

- A statement of the purpose of the project
- An explanation of how the project relates to the Foundation's mission of supporting public policy research
- A description of the applicant organization and the academic and policy credentials of key project personnel
- An outline of the project activities, timetable and products
- A summary budget

If the staff determines that a proposed project merits further consideration under the Foundation's guidelines, the applicant will be asked to submit a full proposal. Decisions on requests for grants greater than \$50,000 are made quarterly. Proposals for grants of \$50,000 or less are reviewed on an ongoing basis.

Proposals should be addressed to:  
Smith Richardson Foundation, Inc.  
60 Jesup Road  
Westport, CT 06880  
(203) 222-6222

## News and Notes from the Editor

No, you didn't miss an issue of **Budget & Finance**. The delayed conference schedule pushes back our production cycle for the newsletter. Since the Fall 1997 issue reported on the conference, we opted to save the section some money and skipped the Winter 1997 issue. This issue begins a new cycle, with a call for award nominations and ballots for the next section executive committee. Please take time to vote, nominate, and suggest panels for the 1998 conference. If you have not yet attended a conference, what topic and format would nudge you to make an airline and hotel reservation? This is your section, so help us help you by participating in the formative work of our annual conference. We'll all be happier when you do.

~ *Kurt Thurmaier*

## THE UNIVERSITY OF KANSAS

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