RECENT CHANGES IN THE FEDERAL POLICYMAKING PROCESS

Daniel M. Ogden, Jr.
Visiting Professor of Public Administration
Lewis and Clark College

The basic pattern of decision-making through power clusters continues. Two basic truths dominate the American political system.

First, the Constitution of the United States, in establishing a federal system with a separation of powers, creates a political environment which limits us to a two party system and compels both major political parties to be arenas of compromise. Both political parties exhibit four central characteristics.

They are united to win office. Policy is a product of compromise within the party, not a cause of association.

They are multi-group associations. People identify with a party for many different reasons.

They are decentralized. Power rests at the county level. Neither state nor national party organizations or leaders can discipline local organizations, candidates, or office holders.

They are semi-public. Government, most commonly the states, sets organizational structure and membership requirements, conducts the nominating process, and regulates finance. Yet the parties retain private attributes. They select their own officers, take their own stands on public policy, and, except for presidential nominees, raise their own funds.

Second, public policy making is segmented and decentralized. The nation uses a system of power clusters, organized around broad subject areas including agriculture, natural resources, health, education, defense, transportation, justice and law enforcement, and others which operate in relative isolation from one another. Within each power cluster the executive agencies, legislative standing committees and appropriations subcommittees, organized interest groups, professionals, certain special individuals, and an attentive public interact to identify problems, settle upon acceptable solutions, and provide the resources to carry out the decisions. By tacit mutual consent, the people in each cluster stay out of the business of every other cluster.

I want now to discuss three recent changes in the federal policy-making process: the new congressional budget system, zero-base budgeting, and the Domestic Council. I also want to comment briefly on the weak congressional liaison system the Carter administration has been using and its implications for policy making.

The New Congressional Budget System

On July 12, 1974, at the height of the Watergate crisis, reacting to impoundments by President Nixon of funds Congress had appropriated for various purposes and to the President's refusal to divulge information, Congress enacted the Congressional Budget and Impoundment Control Act of 1974. The act gave Congress a central system for setting overall budget ceilings, changed the federal fiscal year so Congress would be able to enact all appropriations bills before each year started, and established a Congressional Budget Office.

The new budget system enables Congress to offer a comprehensive alternative to the President's budget. By May 15 each year, Congress adopts a First Budget Resolution, using the concurrent resolution procedure so the President is not involved. The resolution sets tentative target figures in the forthcoming fiscal year for total new obligational authority, total expected expenditures (outlay), anticipated revenues, and the level of the public debt which will be permitted, including any planned increase.

The Budget Resolution also assigns targets to each of 17 "budget functions" which are then translated into targets for each of the 13 subcommittees on appropriations. The subcommittees may recommend changes in the targets, but there is enormous pressure upon them to meet the targets or come in below them.

By September 15, after the 13 appropriations bills have been considered by both the House and the Senate but before their final enactment, the Second Budget Resolution is adopted which can incorporate changes recommended by the subcommittees. The appropriations bills are then enacted in time to start the new fiscal year October 1.

The new budget system thus reenforces the existing power-cluster system of decision-making while giving Congress control over general fiscal policy. The power clusters retain their influence in two significant ways. First, each subcommittee retains its jurisdiction over a part of the executive branch and the power to make decisions in its own subject field. Second, the power clusters are carefully represented on the House Budget Committee. Its 23 members are composed of 5 representatives from the Appropriations

Committee, 5 from the Ways and Means Committee, one each from 11 standing committees, and one each representing the majority and minority leaders. Each subcommittee, then, operates to protect its piece of the total budget melon, in collaboration with its sister standing committee, but really is in no position to carve out additional pieces from the shares which belong to other clusters. Thus shifts of funds may be made within each subcommittee's jurisdiction, but are very difficult to accomplish across subcommittee lines. This problem has been reflected every year in the vote on the First Budget Resolution in the House. Liberal Democrats who favor shifting funds from defense to social services and anti-recession economic measures have joined Republicans who want to cut the budget to oppose the Budget Resolution. In 1975 this coalition very nearly defeated the Resolution. In 1977 the vote was 221 to 177.

The new budget system also requires the President to submit a "Current Services Budget" by November 10 each year, well before he submits his regular budget request. This budget estimates the cost of continuing all existing programs at current levels, assuming no policy changes, in the next fiscal year. Congress thus has the base from which to undertake its own incremental budget system.

The new system worked remarkedly well in its first real test for FY 1977. The First Budget Resolution was adopted on May 13, 1976, two days before the scheduled time. It offered a significant alternative to the Ford budget, increasing total outlays by $17.5 billion and shifting the internal allocation away from defense and toward social services and anti-recession measures. The appropriations subcommittees adhered to their targets and only minor changes were required for the Second Budget Resolution. The most important change was a further cut in military spending. The Second Budget Resolution was adopted September 10, five days before the deadline. Every appropriations bill was enacted into law before the start of the fiscal year on October 1. No one could remember such an event in a generation.

In the Senate, the Republican minority participated in the budget preparation and the budget resolutions became non-partisan. In 1975 the First Resolution passed 67 to 22; in 1976 it passed 62 to 22; and in 1977 it passed 54 to 23.

In the House, however, most Republicans have regularly voted against the Budget Resolution, making its adoption a partisan issue. Indeed, no Republican House conferee had even signed the conference report until this year, when half of them, two members, did so.

The system continues to work for FY 1979. The House passed the First Budget Resolution May 17, 1977; the Senate acted on May 13.

The challenge for President Carter is how to integrate the congressional budget system and the presidential budget system. As a Democratic President with a Democratic Congress, he can afford the customary minor adjustments which the subcommittees on appropriations regularly make in his detailed recommendations. But he can ill afford to have the Congress set significantly different target figures concerning total fiscal policy. Prudence would seem to suggest that he should consult the leaders of the two budget committees early each year to reach agreement on at least the key target figures on outlay, expenditures, revenue, and debt so that the Democratic party can present a united front of fiscal responsibility to the American people.

Zero-Base Budgeting

President Carter's inauguration of zero-base budgeting, however, suggests that he may not see the need for close coordination with the Congress on budget matters. In 1971, shortly after becoming Governor of Georgia, Carter instituted zero-base budgeting throughout the state government. His success in improving his state's budgeting system and in getting program managers involved in hard-nosed budgeting has led him to apply the system in Washington.

Zero-based budgeting, as practiced in Georgia, has two distinctive characteristics. First, budget requests are formulated in "decision packages" in each management unit. A minimum package, in which all existing functions must be justified at the lowest practical level of operation, forms the first block. Additional decision packages offer more program results for greater costs, bringing the total budget proposals to successively higher levels — some just below the current level, one which might be at the exisiting level, and others which represent increased support. Second, each unit manager ranks all "decision packages" by priority and each successively higher manager similarly ranks packages across program lines clear to the top of the organization. Thus each marginal increment of budget can be placed on the next most important activity.

The zero-base budgeting memorandum issued by Budget Direcor Burt Lance on April 19, 1977, contains the essential elements of the "new" zero-base budgeting system, but also revives most of the attributes of the late, unlamented planning, programming, and budgeting system inaugurated by President Lyndon B. Johnson in 1965.

Planning, programming, and budgeting failed for several basic reasons. First, and most important, it attempted to substitute economic decision making for political decision making. Allocating who gets how much for what is at the very heart of the political process. Congress correctly refused to use PPBS. Zero-base budgeting is attempting the same substitution.

Second, PPBS tried to centralize budget decision-making in the Executive Office of the President. ZBBS openly makes the same attempt.

Third, PPBS attempted to combine five elements of program planning and budgeting into one comprehensive system, applied across the board to all federal agencies: goal and objective setting (also called management by objectives); program accounting; benefit-cost analysis: zero base budgeting; and multi-year costing. A simple comparison of Director Lance's April 19, 1977 bulletin with the Bureau of the Budget's "planning-programming-budgeting" bulletin of 1965 reveals that all of the same elements of PPBS are retained in ZBBS. Many of these tools are very useful in selected circumstances. For example, benefit-cost analysis is very helpful in major go-no-go decisions like whether to build a mutliple-purpose water resources project. Used across the board, they proved inappropriate and wasteful.

Fourth, PPBS as a process was not cost effective. It cost a great deal and produced very little in the way of changed budget decisions.

Fifth, PPBS attempted too much. It went beyond human capacity to cope with the large number of inter-related decisions presented.

Zero-base budgeting also attempts too much. Georgia had 10,000 decision packages. The federal government could easily have 100,000. Moreover, three-fourths of the federal budget is really not controllable from year to year and most of these packages are certain to be beyond negative budget decisions.

Zero-base budgeting, then, is an attempt to substitute a comprehensive, centralized economic analysis system of planning and budgeting for our incremental, power-cluster operated, political decision-making system. Congress is no more likely to buy ZBBS than it bought PPBS.

The Domestic Council

The Domestic Council, formed principally under President Nixon and continued by Presidents Ford and Carter, offers the chief executive an inter-cluster forum of cabinet-level officials supported by high-level staff assistance. But the staff of the Council, as it operated under President Nixon at least, saw its duties as clarifying policy alternatives which the President had requested for presidential review and decision, determining priorities, backstopping the President on emerging "fire engine" issues, collecting information, and occasionally monitoring agency activity.

In dealing with Congress, the executive agencies, and the interest groups, however, the Domestic Council staff correctly recognized the operation of the power clusters. Even so, the staff apparently did not perceive that they needed to distinguish between policy issues which could be adequately developed by one power cluster such as Agriculture and inter-cluster issues which the White House needed to meditate. Indeed, the staff itself began to specialize by subject matter, thus tending to join the power clusters rather than moving to work across cluster lines.

The staff also began to realize that everything could not be referred to the President and began moving toward making policy decisions themselves. This, of course, contributed to the problems which beset the Council. Moreover, some of these efforts appear to have been directed toward intra-cluster matters, like crime in the streets, and the family assistance plan, which an existing power cluster was well equipped to manage. A few, like revenue sharing, were genuine inter-cluster policy issues and the staff apparently realized they were engaged in a mediating role when they handled them.

The Council staff, therefore, did not really seize the opportunity of initiating a forum for resolving key inter-cluster issues. Instead, it acted as another rather traditional staff arm of the President and dissipated its efforts by entering intra-cluster fights. Yet the potential on inter-cluster policy issues remains. If the new leadership elects to focus Council attention on the substance of inter-cluster policy conflicts and on developing effective means of resolving such conflicts, it could make a significant advance in American government.

Executive-Legislative Coordination

The return of a Democratic administration to the White House this year with the continuance of nearly a two-thirds majority of Democrats in Congress should have restored cordial cooperation between the executive and legislative branches of the federal government. There are strong signs that this cooperation has not been established.

The first budget resolution makes a significant change in President Carter's recommended levels of overall fiscal policy. Leaders of several committees have been outspoken in their dissatisfaction with Carter's proposals in their areas of expertise and have offered alternative policies. Especially notable have been conflicts over energy and taxation policy. Grumblings are widespread on Capitol Hill that the recommendations of leading Senators and Representatives have been ignored in filling key posts in the executive branch and that after the initial Carter appointments were made, the new, and relatively inexperienced, administrators have engaged in cronyism to fill lesser appointive posts.

All this smacks of amateurism in Congressional liaison by the White House staff. The symptoms are those of a staff which has dealt with the Congress as though they were unstaffed part-time state legislators. The result has been highly displeasing to Congress and highly disruptive for the President's legislative program.

Two quick steps might change the atmosphere and permit the building of a constructive relationship. First, two or three carefully selected old Washington hands who already enjoy the confidence of key leaders in Congress should be brought into the White House staff to lead the liaison effort. Second, the President should open discussions with the chairmen of the House and Senate budget committees to establish the target numbers for fiscal 1979. These numbers should be jointly agreed upon to guide both the Administration in the preparation of its 1979 budget request and the Congress in the preparation of its 1979 budget resolution.

The initiative to bring about improved relations must come from the President. How well he succeeds in this task may well determine how well he succeeds in all his endeavors.