grants instead of raising local revenues. Or they may seek to decrease the amount of match required for a grant or increase their authority over how the money can be spent. Intergovernmental grants may make some expenditures relatively cheap, and some cutbacks relatively expensive, and hence frame constraints and choices for state and local budget officials.

The legal environment also influences strategies. For example, if public school teachers want tax raises to fund education and there is a provision in the state constitution forbidding income taxes, the teachers must either campaign for a constitutional revision (a time consuming and difficult task) or support a tax they know to be more burdensome to the poor. Thus the environment frames choices and influences strategies.

In Figure 12.1, the budget process influences strategies directly, and to a lesser extent, outcomes directly. But there is a double-headed arrow on the linkage between budget processes and strategies, suggesting that individuals' strategies also influence budget processes.

Budget processes influence strategies in some fairly obvious ways. If the budget structure allows for lengthy detailed budget hearings, open to the public and interest groups, at which decisions are often made, then various actors are likely to concentrate their efforts on making a good impression at these hearings. If the chief executive prepares the budget, which is subject to only superficial scrutiny and pro forma hearings before being approved by the legislature, anyone who wants to influence the budget—including the legislators themselves—must make their opinions heard earlier in the process, before the final executive proposal is put together. Informal discussion with department heads, or even telephone calls to the budget office, may be the route to influence. If the budget is made two or three times, with only the last one effective, then strategies may be to play out the first time or two with grandstanding—extreme positions to attract media attention—and more detailed and moderate positions later when the final decisions are made. The budget process orders the decisions in such a way that some of them are critical and determine or influence those that come afterward. Budget strategies naturally gravitate to those key decisions no matter where they are located.

When budget outcomes contradict some group's preference, the group may try to change the budget process to help it get the outcomes it prefers. When coalitions of the dissatisfied can agree on particular changes, fairly substantial changes in process may result. A change in process will bring about a change in outcome if the change in process shifts power from one group of individuals who want to accomplish one goal to another group with different goals.

The final link in the figure is between the strategies of budget actors and outcomes. The effect of different strategies on the outcomes is hard to gauge. It seems obvious, however, that strategies that ignore the process or the environment are doomed to failure. Budget actors have to figure out where the flexibility is before they can influence how that flexibility will be used. Strategies that try to bypass superiors or fool legislators generally do not work; strategies that involve careful documentation of need and appear to save money are generally more successful.

Summary and Conclusions

Public budgeting shares the characteristics of all budgeting. It makes choices between possible expenditures, it has to balance, and it has a decision-making process. But public budgeting has a number of additional features peculiar to itself, such as its openness to the environment; the variety of actors involved in budgeting, all of whom come to it with different goals; the separation of taxpayers from budget decision makers; the use of the budget document as a means of public accountability; and the numerous constraints typical of public budgeting.

Public budgeting is both technical and political. Politics takes on some special meanings in the context of budgetary decision making. Budgetary decision making must be flexible, adaptive, and interruptible, which leads to a structure of five semi-independent strands of decision making, revenues, process, expenditures, balance, and implementation. Each such strand generates its own political characteristics.

Budget outcomes are not solely the result of budget actors negotiating with one another in a free-for-all;

outcomes depend on the environment, and on the budget process as well as individual strategies. Individual strategies have to be framed in a broader context than simply perceived self-interest.

Budgeting is not well described as an annual process with little change from year to year. Budgetary decision making changes over time: interest group power waxes and wanes, competition in the budget increases and decreases, and the budget process itself varies over time. Changes in process take place in response to individuals, committees, and branches of government jockeying for power; in response to changes in the environment from rich to lean, or vice versa; in response to changes in the power of interest groups; and in response to scandals or excesses of various kinds.

Notes

1. Patricia Ingraham and Charles Barilleaux, "Motivating Government Managers for Retrenchment: Some Possible Lessons from the Senior Executive Service," *Public Administration Review* 43, no. 3 (1983): 393–402. They cite the Office of Personnel Management Federal Employee Attitude Surveys of 1979 and 1980, extracting responses from those in the Senior Executive Service, the upper ranks of the civil service and appointed administrators. In 1979, 99 percent of the senior executives said that they considered accomplishing something worthwhile to be very important; 97 percent said the same in 1980. By contrast, in response to the question "How much would you be motivated by a cash award," only 45 percent said either to a great extent or a very great extent.
2. Twelve percent of LeLoup and Moreland's Department of Agriculture requests between 1946 and 1971 were for decreases. See Lance LeLoup, *Budgetary Politics,* 3rd ed. (Brunswick, Ohio: King's Court, 1986), 83. For a more recent case study of an agency requesting decreases, see the case study of the Office of Personnel Management, in Irene Rubin, *Shrinking the Federal Government* (White Plains: Longman, 1985). See Irene Rubin, *Running in the Red: The Political Dynamics of Urban Fiscal Stress* (Albany: State University of New York Press, 1982) for an example of a department refusing additional employees.
3. For a good discussion of this phenomenon, see Frank Thompson, *The Politics of Personnel in the City* (Berkeley: University of California Press, 1975).
4. See Rubin, *Shrinking the Federal Government,* for examples during the Reagan administration.
5. U.S. Senate, Committee on Governmental Affairs, *Office of Management and Budget: Evolving Roles and Future Issues,* Committee Print 99–134, 99th Cong., 2nd sess., prepared by the Congressional Research Service of the Library of Congress, February 1986.
6. See, for example, Kenneth Shepsle and Barry Weingast, "Legislative Politics and Budget Outcomes," in *Federal Budget Policy in the 1980s,* Gregory Mills and John Palmer, eds. (Washington, D.C.: Urban Institute Press, 1984), 343–367.
7. Rubin, *Running in the Red,* 56.
8. For a vivid account of the relationship between pork-barrel spending and building political coalitions, see Martin Shefter, "New York City's Fiscal Crisis: The Politics of Inflation and Retrenchment," *Public Interest* 48 (Summer 1977): 99–127.
9. See John Ellwood, "Comments," in Mills and Palmer, *Federal Budget Policy in the 1980s,* 368–378.
10. Douglas Arnold, "The Local Roots of Domestic Policy," in *The New Congress,* Thomas Mann and Norman Ornstein, eds. (Washington, D.C.: American Enterprise Institute, 1981), 252, quoted by Ellwood, in Mills and Palmer.
11. Arnold, "Local Roots," 282.
12. Ellwood, in Mills and Palmer, 370.
13. Linda Harriman and Jeffrey Straussman, "Do Judges Determine Budget Decisions? Federal Court Decisions in Prison Reform and State Spending for Corrections," *Public Administration Review* 43, no. 4 (1983): 343–351.

Case Study 12

Introduction

Perhaps nothing is more vital to our understanding of public administration than how monies are budgeted to achieve public purposes. This subject, many believe, directly and decisively influences what policies are pursued and how management of public programs is achieved. For some, budgets in reality are what public administration is all about, namely the translation of public purposes into practical actions through the raising and expenditures of government monies. Rubin's foregoing essay therefore offers several stimulating insights into this critical process. It especially shows why this subject should not be viewed as merely a dry, technical document but as something that affects the central fabric of modern democratic society and the choices it faces.

Let us next turn to an actual contemporary case related to Professor Rubin's conceptualization of public budgeting. Over the last four decades or more, all levels of U.S. government have relied increasingly upon contracts with private, nonprofit, even other public entities to deliver goods and services for citizens. The sheer numbers of contractors and subcontractors, the immense size of funding, as well as the growing complexity and length of time involved with completing such contracts impose enormous challenges for public budgeting, especially for ensuring effective programmatic oversight and efficient, timely implementation. A noteworthy current example of this difficult budgetary dilemma is found in the following case, "Death of a Spy Satellite Program," by *New York Times* investigative reporter Philip Taubman. The author recounts the lengthy development and recent demise of the Future Imagery Architecture project (FIA), the most advanced spy satellite project to date, yet resulting in the most expensive loss in the fifty-year history of America's spy satellite program. This fascinating story highlights the complicated problems that contracting-out creates at every stage of the five-part public budgeting process which Rubin's foregoing essay outlines, i.e., the revenue process (how much money will be available?); the budget process (who participates in budget choices?); the expenditure process (which budget choices will be made?); the balance cluster (how will balance revenues and expenditures?); and the implementation process (what ways will budget decisions be carried out?).

As you read this case, you might reflect upon the following points:

Why was it so urgent for the CIA to construct a new spy satellite?

How did Boeing win the contract to build FIA over its competitor, Lockheed Martin?

Were FIA's technical and budget problems apparent in advance? If so, can you describe what prevented the CIA from dealing with them before awarding the contract to Boeing?

As the costs escalated, why did the government take so long to terminate FIA?

Who were the key players in this case and how did their unique backgrounds influence the decisions involving FIA?

Based upon this case study, would you modify or amend Rubin's concept of public budgeting in order to take better account of the significant influence today of contracting in shaping government budgets?