CHAPTER 12

Public Budgeting: The Concept of Budgeting as Political Choice

The essence of budgeting is that it allocates scarce resources and hence implies choice between potential objects of expenditure. Budgeting implies balance and it requires some kind of decision-making process.

Irene S. Rubin

READING 12

Introduction

Budgets serve many important functions in government. In one sense, budgets are contracts annually agreed on by the executive and legislative branches that allow executive agencies and departments to raise and spend public funds in specified ways for the coming fiscal year (normally running in state and local governments from July 1 to June 30; changed at the federal level by the Congressional Budget Act of 1974 to end on September 30 and to begin October 1 each year). A budget imposes a mutual set of legal obligations between the elected and appointed officers of public organizations with regard to taxation and expenditure policies. A budget is, therefore, a legal contract that provides a vehicle for fiscal controls over subordinate units of government by the politically elected representatives of the people.

Budgets have other purposes as well: they can be planning devices used to translate presently scarce fiscal and human resources in the public sector into future governmental goals and programs. In this respect, budgets are vital instruments for directing what tasks government will perform and how human talent in society and public monies will be used.

In addition, budgets are forces for internal coordination and efficiency in public administration. Budget formulations annually impose choices concerning how public programs should be undertaken, interrelated, and measured in terms of their value, effectiveness, and worth to the general public. Related to the concept of budgets as a coordinating device is the idea that budgets are economic documents. In this role federal budgets are tools of fiscal policy, for they stimulate or slow down national economic growth through increased or decreased taxation or revenue expenditures. Finally, budgets can also be viewed as political documents, reflecting through the allocation of funds the ultimate desires, interests, and power of various groups within the body politic as expressed by elected legislative bodies. In setting up an annual budget, various political participants engage in log rolling, compromises, and bargains to create a document that by and large mirrors the current priorities of the locality, state, or nation. The quality and quantity of government that the citizenry desires and will support at any given time is expressed by the budget.

Our conceptual understanding of these roles of the budget in modern government is comparatively new, being chiefly a twentieth-century phenomenon. In large part, our instituting formal budget documents began in the Progressive Era, when public budgets were developed as vehicles for governmental reform to produce improved economy and efficiency in the public sector and as instruments for imposing greater control over public spending. Many of these ideas and concepts were borrowed from the experience and practices of business management.

Although there remains a strong emphasis on the earlier notions of budgets as vehicles for imposing control, economy, and efficiency in government, a prominent current view of the role of budgets—and a perspective frequently held by political scientists, budgeting specialists, and public administration practitioners—is a political one: budgets are principally governed by considerations of compromise, strategy, and bargaining. Irene S. Rubin, a political scientist and prominent authority on public budgeting at Northern Illinois University, presents the political view of budget making in the opening chapter of her book *The Politics of Public Budgeting*. Rubin envisions government budgets as "not merely technical managerial documents" but rather "they are also intrinsically and irreducibly political." Her thesis is that although public budgets share many features of budgeting in general, such as presenting choices over possible expenditures and problems of balancing revenues with expenditures, they differ in fundamental ways. The open environments within which budgets are developed, the variety of actors involved, the constraints imposed as well as the emphasis on public accountability, give budgets special and distinctive features in the public sector. These aspects add complexity and unique dilemmas to their formulation, operation, and conceptualization.

Professor Rubin's essay at the outset defines "what is budgeting" and the distinctive features of government budgets. From a local case of budget making in Dekalb, Illinois, she underscores the critical political dynamics of public budgeting processes and the variety of participants that are involved, even within the local setting. The elements of budgetary politics concern, in her view, "separate but linked" decision clusters, specifically five clusters dealing with the revenue process (How much income will be available and from where?); budget process (How will the budget choices be made?); expenditure process (Which programs will get what?); the balance cluster (How will revenues and expenditures be balanced?); and budget implementation issues (How will the budget be put into operation?). Her essay concludes with an important distinction between understanding "macrobudgeting," or top-down budget viewpoints, versus "microbudgeting," which focuses on the specific actors and their strategies in putting together budgets.

As you read the following selection, keep in mind such questions as

Why does Rubin stress throughout her writing the political over the technical or managerial aspects of public budgeting?

From her perspective, what differences are apparent between government and business budget-making? Do you agree with her conclusions about these fundamental differences?

How do "macro" and "micro" views of budgets differ and yet why are *both* essential for a complete understanding of the budgetary process? What are the advantages and disadvantages of both ways of conceptualizing budgets? Do these perspectives on budgets relate to any of our earlier readings such as Charles Lindblom's "incremental decision-making model"?

Why does Rubin focus on understanding modern budgetary processes as "separate but linked decision clusters"? What are the major clusters of issues apparent in each?

The Politics of Public Budgets

IRENE S. RUBIN

Public budgets describe what governments do by listing how governments spend money. A budget links tasks to be performed with the amount of resources necessary to accomplish those tasks, ensuring that money will be available to wage war, provide housing, or maintain streets. Budgets limit expenditures to the revenues available, to ensure balance and prevent overspending. Most of the work in drawing up a budget is technical, estimating how much it will cost to feed a thousand shut-ins with a Meals on Wheels program or how much revenue will be produced from a 1 percent tax on retail sales. But public budgets are not merely technical managerial documents; they are also intrinsically and irreducibly political.

- Budgets reflect choices about what government will and will not do. They reflect general public consensus about what kinds of services governments should provide and what citizens are entitled to as members of society. Should government provide services that the private sector could provide, such as water, electricity, transportation, and housing? Do all citizens have a guarantee of health care, regardless of ability to pay? Are all insured against hunger? Are they entitled to some kind of housing?
- Budgets reflect priorities—between police and flood control, day care and defense, the Northeast and the Southwest. The budget process mediates between groups and individuals who want different things from government and determines who gets what. These decisions may influence whether the poor get job training or the police get riot training, both as a response to an increased number of unemployed.
- Budgets reflect the relative proportion of decisions made for local and constituency purposes, and for efficiency, effectiveness, and broader public goals. Budgets reflect the degree of importance legislators put on satisfying their constituents and the legislators' willingness to listen to interest-group demands. For example, the Defense Department may decide to spend more money to keep a military base open because the local economy depends on it and to spend less money to improve combat readiness.
- Budgets provide a powerful tool of accountability to citizens who want to know how the government is spending their money and if government has generally followed their preferences. Budgeting links citizen preferences and governmental outcomes.
- Budgets reflect citizens' preferences for different forms of taxation and different levels of taxation, as well as the ability of specific groups of taxpayers to shift tax burdens to others. The budget reflects the degree to which the government redistributes wealth upward or downward through the tax system.

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