

**Politics and Policy:
The Federal Budget Process
and the Role of the Office of
Management and Budget**

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Overview

- OMB and the Budget Review Division
- AFE responsibilities
- Overview of AFE paper:
 - How has the federal budget process evolved?
 - What role does the president play in budget decisions and how has it changed over the years?
 - What role does the OMB play in public policy-making?
 - Case study methodology: document analysis, participatory observation

History of the Federal Budget Process

- U.S. Constitution
- Budget Enforcement Act of 1921
- Congressional Budget and Impoundment Control Act of 1974
- Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman Hollings Acts)
- Budget Enforcement Act of 1990 (Title XII of the Omnibus Reconciliation Act of 1990)
- Balanced Budget Act of 1997

Congress vs. the President: Who Controls the Purse?

- Budget Enforcement Act of 1921
 - Submission of an executive budget, OMB
- Congressional Budget and Impoundment Control Act of 1974
 - Budget resolutions, CBO, limitations on impoundment
- Balanced Budget and Emergency Deficit Control Act
 - Sequestration if budget targets are not met
- Rise in entitlement and net interest spending
 - Diminishes significance of the appropriations process

The Budgeter-in-Chief: The President's Expanding Budget Authority

- Current budgetary tools :
 - Deferral authority
 - Rescission authority
 - Veto power
- Line-item Veto Authority
 - 1996 Line-Item Veto Act
 - Current Legislation:
 - H.R. 4890
 - S. 3521
 - Impact

Beyond the Budget: OMB as a Policy-Making Institution

- 1920s: Bureau of the Budget; independent, nonpartisan bureau.
- 1970s: renamed OMB; expanded responsibilities coordinating government activities, assisting with president's political initiatives.
- 1990s: active policy-making body for the president through the budget process.

Beyond the Budget: OMB as a Policy-Making Institution (cont.)

- Statements of Administration Policy (SAPs): notify Congress of objectionable provisions in appropriations bills under consideration; set the stage for negotiations between the president and Congress.
- 2005: 79 SAPs on tax relief, pension security, private property rights, health care, and energy policy.
- 2006: 53 (as of August) on stem-cell research, estate tax relief, marriage protection, energy conservation, and health information technology.

Conclusions and Lessons Learned

- The federal budget is a complex series of conflicts, negotiations and compromises.
- There is a constant battle for power between Congress and the president over who controls the budget process (and the president is winning).
- There will be greater Executive budget authority as public pressure to address growing deficits increases.
- OMB's greater involvement in presidential policy-making compromises its image as a nonpartisan agency.

Applied Public Policy Concepts

- Legislative Policy: conflicts and negotiations are necessary components of legislative process.
- Data Analysis: translating appropriations language into data and using data to develop charts and tables that “tell a story.”
- Public Policy Formation: awareness of key players involved in policy-making and how they interact.
- Economics and Public Finance: concepts such as user fees, tax expenditures, and resource allocation helped the understanding of motivations behind budget decisions.

Suggested Reading

- Schick, Allen. *The Capacity to Budget*. Washington, D.C.: The Urban Institute Press, 1990.
- --. *The Federal Budget: Politics, Policy, Process*. Washington, D.C.: Brookings Institution Press, 2000.
- Tompkin, Shelley Lynn. *Inside OMB: Politics and Process in the President's Budget Office*. New York: M.E. Sharpe, Inc., 1998.