

# Why PART? The Institutional Politics of Presidential Budget Reform

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## ABSTRACT

The George W. Bush administration's Program Assessment Rating Tool (PART) follows a sequence of president-initiated budget reforms. The pattern is puzzling in that past reforms have tended to drain staff resources, failed to take hold, and yielded little or no political advantage. Given the track record of past initiatives, why has the Bush administration chosen to invest Office of Management and Budget (OMB) and agency resources in PART? This article briefly traces PART's development and, placing the initiative in the context of contemporary research on the institutional presidency, attempts to make sense of the sustained appeal that rationalizing reforms have held across administrations. An account of reform as problem solving is developed. Set against the changing architecture of budget and administrative politics, reform is prompted by the interplay of evolving management concepts and two persistent problem types: Reform holds at least the potential for enhanced budget control where any leverage is valued and responds to the dilemmas of managing policy competence in the modern institutional presidency. The article concludes with a plea on behalf of institutional theories built on realistic models of how actors interpret and respond to the conditions prevailing in administrative politics.

The George W. Bush administration's Program Assessment Rating Tool, or PART, is ambitious, carefully crafted, and if history is a guide, probably doomed. Since its initiation in 2002, PART's worksheets have guided Office of Management and Budget (OMB) and agency staff through assessments of the design and performance of hundreds of federal programs, "PARTing" about 20 percent of programs each year. The president's fiscal year (FY) 2006 budget, the first of Bush's second term, demonstrated a commitment to use PART to target program reductions, as the administration endeavors to rein in a budget deficit that exceeded \$400 billion in 2004. "My budget," President Bush announced in his 2005 State of the Union address, "substantially reduces or eliminates more than 150 government programs that are not getting results, or duplicate current efforts, or do not fulfill essential priorities. The principle here is clear: Taxpayer dollars must be spent wisely, or not at all" (Bush 2005). Evidence regarding PART's leverage as a tool for

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resource allocation remains inconclusive. Of the sixty-five programs slated for elimination in the president's FY 2005 budget, for example, thirteen were targeted by PART. Of those, by the best available count, one was eliminated (Gruber 2005). It is unclear what additional impact the PART assessments have had. One thing, however, is very clear: PART is a major undertaking. Each year, the initiative consumes weeks of time and attention from OMB and agency staff. The added workload, expected to taper off as staff became familiar with the process, has not.<sup>1</sup> Moreover, if PART is to yield leverage, it will demand sustained or increased effort. As Paul Posner has noted, "OMB's efforts in developing PART have been considerable," adding with some caution, "diagnosing problems and applying ratings are the beginning not the end" (Posner 2004).

### **Why PART? Two Questions**

PART's lineage is familiar: the Hoover Commission, Planning Programming Budgeting (PPB), Management By Objectives (MBO), Zero-Base Budgeting (ZBB).<sup>2</sup> Each is an analytical technique that embraces one of the major management concepts of its era with the goal of improving the quality and the influence of policy decisions.<sup>3</sup> Each also builds on the analytical resources and perceived failings that are the legacies of previous initiatives. Noting the deficiencies in existing decision-making techniques, the president's FY 2003 budget notes, "These changes have been called for by good government advocates for decades" (OMB 2002a, 5). Indeed, they have been called for, attempted, and for reasons that are widely acknowledged, failed to take hold. Past budget reform initiatives were undone by strained analytical resources and institutional resistance, though PART may be different. PART builds on a comparatively robust statutory framework and near consensus among management professionals that performance data can improve decision making. The uneven application of performance information and the perceived failure of the Government Performance and Results Act (GPRA) to take hold in Congress have created opportunities for the assertion of executive authority. And, the political administrators at the OMB's helm are determined to learn from past failures.

Still, the track record is difficult to ignore. Presidential budget reforms consume staff time, yield marginal if any policy leverage, and do little to enhance the president's standing with the public. The question follows: Why commit scarce resources to an initiative like PART when previous efforts neither took hold nor delivered discernable political benefit? Moreover, PART binds the president's intelligence-gathering resources to a "transparent" and "neutral" instrument that, if it works, presumably raises the cost of making political decisions. The initiative therefore stands in contrast to the drive toward administrative

1 The Government Accountability Office (GAO) recently observed, "while the learning curve did appear to flatten, it did not seem to compensate for either the increased workload due to the sheer number of programs being assessed or reassessed each year or the amount of time an individual assessment takes" (GAO 2005b).

2 While the generic term is employed, the presidential budget reforms discussed here belong to a subset of budget reform initiatives advanced over the last century, those seeking to rationalize resource allocation through analytical techniques or administrative practices (Kettl 1992; Larkey and Devereux 1999; Nathan 2001, 2004). The term "rationalize" here is defined by the application of analysis within "standardized systems of impersonal rules" (Brint 1994, 141).

3 As Charles Hitch said of PPB and systems analysis, "Systems analysis is simply a method to get before the decision-maker the relevant data, organized in a way most useful to him" (Rivlin 1971, 11). In their review of reform strategies, Joel Aberbach and Bert Rockman characterize an analytical technique as "a mechanism not primarily for centralizing programs, but for centralizing decisions" (Aberbach and Rockman 1988b, 84).

responsiveness observed across recent presidencies, a pattern that has become a central organizing premise for scholarship on the institutional presidency. Terry Moe's influential article "The Politicized Presidency" (Moe 1985) argues that an overriding force in the development of the modern presidency emerges from public expectations and misalignment among the resources and incentives embedded in the institution. Together, they prompt presidents to attempt to repair or bypass persistent organizational obstacles to the exertion of presidential power. Presidents, in this view, pursue policy control above all else, strategies Moe reduces to two guiding propositions: presidents *centralize* policy decision making and *politicize* analytical and administrative resources. Two decades later the analysis serves as departure point for a substantial and growing body of scholarship (Dickinson 1996; Mayer 2001; McCarty and Razaghatian 1999; Moe and Howell 1999; Ponder 2000; Rudalevige 2002; Weko 1995).

At the same time, the advance of politicization and centralization has continued. Layers of political appointees in federal agencies have expanded (Hogue 2004; Light 1995), and a new degree of political involvement at OMB's senior levels has taken hold (Tomkin 1998). The George W. Bush administration has introduced an unparalleled political discipline in its management of federal policy, incurring criticism for the politicization of scientific advisory committees (Kennedy 2003; Michaels et al. 2002); agency communications strategies (Walker 2005); peer review standards for scientific evidence (Brainard 2004); actuarial projections regarding the 2003 Medicare prescription drug legislation (Gambora 2004); and, most memorably, intelligence assessments regarding the security threat posed by Saddam Hussein's Iraq. Why would this administration, otherwise so strategic in its approach to administration, invest great time and energy building a neutral and transparent instrument like PART? Again, if PART works, it centralizes decision making but binds the president's hands and inhibits political decisions. If it does not work, valuable resources have been squandered. As noted, experience apparently favors the latter.

It is possible that together the two puzzles effectively cancel one another out. The Bush administration may have pursued PART precisely because it will not work, or rather without serious consideration one way or the other. Perhaps PART is symbolic, its value divorced from material consequences. As James March and Johan Olsen conclude in their review of twentieth-century reorganization, "Action is an affirmation of belief and an assertion of virtue . . . Reorganization sometimes appears to be a code word symbolizing a general frustration with bureaucracy and governmental intrusion in private lives." The rhetoric of reform trumps its consequences (March and Olsen 1983, 289–90). Peri Arnold has argued that reform increasingly has become a feature of presidential public politics (Arnold 1995). "Results" serves Bush administration rhetoric as "reinvention" served the Bill Clinton administration. Yet, if symbol were its sole or primary aim, one expects the administration would have created a PART that either attracted attention outside of government or, at least, did not antagonize key constituencies in Congress and the agencies.

PART and the sustained presidential appetite for rationalizing budget reforms more broadly conform neither to the notion that presidential politics should be evaluated on substantive political consequences alone, nor to the notion that reforms are guided primarily by social rules and a sense of appropriateness. As common as institutional theories emphasizing the primacy of rational choice or of social rules are, it is also widely acknowledged that this dichotomy better describes disciplinary dispositions than it does politics. Fortunately, students of institutional politics have proven impatient consumers of these theories. Following a two decades-long shift in scholarship on administrative

politics toward choice-based and away from behavioral or social theories of organization, some of the field's most exciting current research reintroduces social and behavioral elements such as reputations, norms, and networks. There is a risk, however, that ad hoc inclusion of these concepts will further fragment an already divided field.<sup>4</sup> Therefore, it is vital that theories of administrative politics are rooted in a behavioral model that is both internally coherent and capable of informing research on the varied forces at work in institutional politics. Institutional analyses rooted in human cognitive problem solving, reinvigorated in recent years by students of new institutional economics, as well as scholars in other fields, offers one promising approach. Applied here, the approach seeks not to bury budget reforms modeled on comprehensive rational choice, but to explain their steady evolution, persistent limitations, and sustained appeal in the context of changing policies and institutions. The following sections attempt those tasks, developing a reform as problem-solving framework and applying it to an examination of the Bush administration's PART. The thrust of the analysis is that reform is and will remain an essential feature of governance. To understand and inform this ongoing revision, students of political institutions must remain committed to empirically grounded analysis of the processes by which actors think about and pursue reform.

### **REFORM AS PROBLEM SOLVING**

This article presents an account of reform as problem solving. Reforms are innovations prompted by disparities between existing conditions and preferred states that actors believe are attainable. The aim of this approach is an institutional analysis that follows the application of knowledge and information through cognitive process and the formal and informal arrangements that emerge from the cumulative consequences of individual strategic action (Chisholm 1995; Mantzavinos 2001; North 2005). Its focus is on the *process* of applying knowledge and method to identify, represent, and pursue desired ends. In the case of twentieth-century budget reform, those ends cluster around two problem types: policy control and policy competence.

Given formal institutions that fragment budgetary and administrative authority, reform first offers presidents the potential for added influence over budgetary decisions. Each era presents a handful of dominant reform models that diagnose and generate solutions, creating new opportunities for the legitimate assertion of executive authority. Believing the potential bargaining leverage outweighs the anticipated investment, presidents seize these instruments and put their staff to work. Like other venues of policy influence in the American system, however, budgeting is a shared power. Presidents must bargain for the leverage they enjoy (Dahl and Lindblom 1953; Dickinson 1996; Neustadt 1990). The president's budget draws its authority from attention in Congress and across the policy community. Congressional appropriations committees have come to rely on the president's budget, with the current year's appropriation, as the two "goal posts" guiding its work (Schick 2000, 211). Those goal posts, like many other features of presidential administrative power, are relational rather than formal in character. They are stable institutional arrangements that are rooted primarily in social enforcement. If other formal and informal arrangements, political alignments, or actors' reputations for quality change, these

4 David Spence plausibly refers to the study of bureaucracy as "perhaps the most methodologically fragmented subfield of American political science" (Spence 1997, 215).

arrangements may change, too. In the case of the budgetary goal posts, the notion that all or some of the president's budget is "dead on arrival" illustrates this point well.

The process by which presidents diagnose and respond to problems of policy influence highlights the central role that actors' causal and descriptive beliefs, or *mental models*, play in reform politics.<sup>5</sup> Because problems are abstractions, they are mediated by characteristics of actors and the cognitive tools actors employ to represent and interpret external conditions (Bendor 2003; Smith 1988). Budgets themselves are fundamentally psychological phenomena based in systems of stable, rule-based representations.<sup>6</sup> Reformers have long viewed budgets as a means by which to represent new ways of thinking about government resource allocation. Jesse Burkhead quotes one midcentury advocate of budget reform saying, "The budget is a psychological device to make people in an administrative organization think" (Burkhead 1956, 155). Similarly, Frederick Cleveland saw scientific accounting as a means to standardize language, thus enhancing transparency and efficiency. He wrote:

Words are symbols—they are artificial signs expressing ideas. To convey meaning they must be commonly understood; but a common understanding presumes common ideas which may be similarly expressed in words. Common ideas, in turn, require subjects of thought shall be analyzed; and that object of thought shall be commonly classified. Finally, every classification which takes on the mind of man must proceed from some common intelligent purpose (quoted in Kahn 1997, 70).

The reformers' objective is to secure this new way of thinking in the minds of actors and in the institutions through which actors make politics and policy. Reform is an administrative achievement subject to available knowledge and learning and to bargaining between actors. Thus, in budget reform, as in institutional politics more broadly, the interplay between objective material arrangements and mental representations forms the central dynamic in a broader theory of institutional change (Lieberman 2002; Mantzavinos, North, and Shariq 2004; North 1990).

A second category of conditions prompting reform initiatives is the arrangement of the policy competence available to presidents and their administrations. Policy competence is defined by the knowledge and adaptive capacity of available policy staff and resources.<sup>7</sup> Reform initiatives like PART and the Bush administration's broader President's

<sup>5</sup> Mental models are the causal and descriptive beliefs that interpret experience and guide action. They are, "the final prediction that the mind makes or expectation that it has regarding the environment before getting feedback from it." When these mental models are held in common, they become the foundations for regularized patterns of behavior, and thus the foundations of institutional politics: "From an external point of view, institutions are shared behavioral regularities or shared routines within a population. From an internal point of view, they are nothing more than shared mental models or shared solutions to recurrent problems of social interaction. Only because institutions are anchored in people's minds do they ever become behaviorally relevant" (Mantzavinos, North, and Shariq 2004, 77).

<sup>6</sup> Representations are either abstract or concrete structures (patterns, pictures, models) symbolizing or corresponding to some other structure (MacKay 1969).

<sup>7</sup> Colin Campbell defines policy competence as the effective deployment of three sets of resources to advance policy goals: (1) political staff in the White House and the agencies; (2) nonpolitical staff resources in OMB and the permanent bureaucracy; and (3) norms and routines supporting control and coordination within the executive branch (Campbell 1986, 19). The terms "policy" and "neutral competence" are often used interchangeably, with authors sometimes employing the former in order to avoid the normative baggage surrounding the notion of neutral competence. Instead, a simple distinction is drawn here between neutral competence as a professional norm and policy competence as a descriptive concept.

Management Agenda (PMA) seek to orient and revise policy administration by gathering and organizing intelligence and by aligning agency activities with administration priorities. Modern presidents face a dilemma in that policy competence, and the credible information about policy process and outcomes it provides, requires investments of resources and discretion, and with them the acceptance of political risk (Ponder 2000). The nature of this risk is contingent on existing institutional arrangements, a problem apparent in the tensions between presidential politics and the presidency's primary source of policy competence, OMB and its predecessor, the Bureau of the Budget (BOB). In 1960, as John Kennedy prepared for the presidency, Richard Neustadt counseled:

As a presidential staff facility, at one remove from personal aides, the Budget Bureau is not what it used to be (and rarely was what it ought to be). But it is still the nearest thing to institutional eyes-and-ears and memory, encompassing all parts of the Executive Branch, which you will have available to you when you take office. You are almost sure to find (as Roosevelt, Truman, Eisenhower did before you) that when you look down from on high, the Budget Bureau seems a better and more valuable institution than it appears in the eyes of departmental staffs, of congressmen, or even its own critics from within. It looks better to Presidents because they find they cannot do without it; others can (Neustadt 2000, 51–52).

In other words, new presidents enjoy neither the luxury nor the burden of inventing the instruments they use to advance administration priorities. As Colin Campbell writes, “[The president] must work with the institutional apparatus he inherits” (Campbell 1986, 159). Primary among these inherited arrangements are OMB's formal structure, competencies, and professional commitments. OMB grounds the exercise of presidential administrative power and provides knowledge that guides policy planning and administration (Hecl 1975). Yet, the needs of OMB's only patron are constantly shifting. The organization's history is therefore colored by persistent frustration and fitful efforts at reorganization and repair (Rudalevige 2003). Activist presidencies have yielded perennial complaints about OMB's lack of flexibility (Berman 1978), and as presidential orientations toward federal policies and the agencies administering them have become increasingly variable, presidents often find OMB's informal arrangements—its culture and commitments—particularly frustrating because they are difficult and time-consuming to reengineer.

Returning to Moe's influential account, presidents, burdened by unrealistic expectations and hobbled by limited time and knowledge, often rely on formal innovations—unilateral action, structural design, appointments—to overcome or bypass OMB's institutional inertia.<sup>8</sup> Yet, these strategies can themselves prove costly. Violations of the neutral competence norm erode policy competence and create reputational problems that may hinder the president's capacity to bargain effectively with Congress and the executive establishment (Moe 1985, 268; Tomkin 1998; Williams 1990). “Politicization of administration may strengthen the immediate political control of the president,” writes Larry Lane, “but it weakens the capacity for listening to objective advice and taking competent

<sup>8</sup> It is worth noting that, like Richard Nathan's (1983) explicitly normative study preceding it, Moe's analysis is presidentialist in its orientation. For a discussion of this point, see: Aberbach and Rockman 1988a. Moe argues that neutral competence represents a hindrance to presidents not because it inspires “willful resistance,” by which he apparently means the hazard of professionals “speaking truth to power,” but because it fails to generate organizational incentives to provide presidents with useful and timely information, thus giving way to “organizational myopia, parochialism, insularity, and other pathologies” (Moe 1985, 239 n. 5).

action” (Lane 1996, 234). In her history of OMB, Shelley Lynne Tomkin notes that the administrative control strategies pursued under Ronald Reagan’s first-term budget director, David Stockman, damaged OMB’s reputation and undermined the organization’s authority. She writes, “in the budget wars that followed over the next fifteen years, congressional combatants would feel free to question OMB numbers and projections for both valid as well as nefarious reasons.” Tomkin further argues that politicization’s threat to the careers of individual analysts eroded OMB’s internal capacity. The threat of “taint,” or of being perceived as becoming politicized and thus potentially being sidelined by the next administration, was a concern to which OMB career staffers were sensitive (Tomkin 1998, 94, 112; Wolf 1999).

Presidents would retain OMB’s policy competence if they could ensure the organization’s responsiveness to their political needs. They may, in practice, rely more heavily on ideology than advice; yet, if it served them, they would certainly retain OMB’s policy expertise. In fact, a growing body of work contends that the notion the two priorities—responsiveness and policy competence—represent an either/or proposition is both historically and theoretically flawed (Campbell 1986; Dickinson and Rudalevige 2004a, 2004b; Wolf 1999). This work clarifies the role of neutral competence as a feature of organizational governance, norms imbued with professional values, rather than an objective quantity or condition (Aberbach and Rockman 1988a, 162–3). BOB/OMB’s commitments to professional neutral competence and to the president as the organization’s sole patron—both firmly embedded in its culture and explicit in its training of new employees even today—have long compelled the organization to provide the president both expert judgment and unwavering support. They are present in the “strange amalgam of loyalty that argues back, partisanship that shifts with the changing partisans” (Heclo 1975, 82). They are evident in a Franklin D. Roosevelt– and Harry Truman–era BOB that is more politically responsive than often presumed and in a post-1970 OMB that retains a culture of neutral competence at odds with the notion that OMB is “thoroughly politicized.” Presidents have often found it necessary to trade away OMB’s competence for enhanced policy leverage. Yet, it is equally true that the modern presidency’s drive for institutional responsiveness is a more robust and varied strategy than the narrow focus on control suggests. “All presidents seek responsiveness,” Dickinson and Rudalevige conclude, “but it manifests itself in dramatically different ways depending on the president’s political interests.” Modern presidents are unified not in a drive toward politicization or centralization *per se*, but by “different manifestations of a single, fundamental administrative logic embraced by all modern presidents: the need to devise the managerial tools most effective for influencing governmental outcomes” (Dickinson and Rudalevige 2004a, 635).

One way of expressing the formulation Dickinson and Rudalevige describe holds that a core logic, the presidential influence of governmental outcomes, is mediated across presidencies by two sets of variables. The first set derives from the president’s political interests, his orientation toward existing institutional arrangements and the political context that shapes, in part, his motivation to see those arrangements changed. It should be no surprise that the presidents apparently most willing to forfeit the policy competence on offer from executive branch institutions are those with ideological dispositions and those governing during periods very different from the ideologies and political climate under which those institutions were erected.

The second set of variables, arguably less well developed in contemporary institutional analysis, involves the managerial tools at the president’s disposal. Among the tools

available to presidents, none serves a more vital role than does his annual budget. The budgetary power is unique in its capacity to clarify and activate policy priorities. Allen Schick writes, "It is a process in which, expressly or indirectly, the government decides on its role and sets its priorities" (Schick 2000, 4). Again, however, the budgetary politics is rooted, like many of the most important features of presidential power, in bargaining within and between institutions. It is the expectation of bargaining that brings offices around Washington, DC, one morning every January or early February to dig into a few thick budget volumes detailing presidential priorities across a full range of policy areas. They weigh these priorities and gauge their meaning for one or a handful among the thousands of programs that rely on federal support. Even if a president ultimately fails to win congressional support for increases or cutbacks in a given program, those volumes offer a sometimes decisive signal of the administration's priorities. As a result, the document itself increasingly bears the markings of its own salience, steadily evolving into a more self-consciously public document. The Bush administration's FY 2003 budget, its first, offered color photographs, charts, and graphics and promoted itself as a "document for public consumption".<sup>9</sup> The budget's changing physical appearance (not least its availability online) is symptomatic of more fundamental changes in the logic and infrastructure that govern budgetary and administrative politics.

The tools presidents employ to advance the logics of control and competence emerge from the interaction of policy priorities, dispositions toward existing administrative arrangements, and the assortment of available instruments that are matched to the perceived tasks. Over the twentieth century, changing information technologies, mediated by the changing social organization of knowledge, have had a major effect on the last of these. While the logic that underlies reforms designed to rationalize budget decisions and execution has exhibited continuity, subsequent iterations have also developed in significant ways. Compared with the models of performance budgeting articulated by the New York Bureau of Municipal Research and later the Hoover Commission, for example, today's performance budgeting demands more sophisticated technical execution and embraces a more far-reaching theory of budgeting and policy administration. Contemporary performance budgets formalize concepts like service and error, features of administration unobservable in the aggregate at the time the Hoover Commission reviewed postwar administrative practice. Technology has increased the complexity and comprehensiveness of analytical technique, thus altering opportunities for innovation. In 1967 PPB trainer Chester Wright offered the following description of the role that shifting computational capacity played in the development and application of systems analysis:

Systems analysis is a fairly recent phenomenon, not because the process was not understood before but because of the functional impossibility of manipulating without computing machinery the data involved in the real world system. Once the machinery became available, we discovered that our mathematical constructs were not as complete as we had assumed in the absence of any opportunity to test them. We were further confounded by the discovery that even the most elegant of our mathematical concepts described a most limited world (Wright 1967, 29).

Wright's comments suggest two important features of analysis. First, analytical techniques are subject to learning by doing or knowing "how," knowledge that can only be

9 A skeptical William Niskanen (2002) suggested that the first Bush budget was "as glossy as an Enron annual report."



achieved and retained through practice. Changes in the objective capacity of information systems are always mediated by techniques, or the established routines, procedural knowledge, and social organization of information clustered around a given technology. The mathematical building blocks of PPB predated systems analysis. However, the technique developed only when computational capacity enabled its regular application. Wright's account traces the influence of changing technology a step further by noting that the application of new analytical instruments leads actors to modify the pictures in their heads. In other words, developing techniques not only shape the scope and precision of analysis but also help to define the conceptual models that emerge.<sup>10</sup> On this point, Herbert Simon writes, "With the development of information-processing technology, we have a growing capacity to consider interactions and trade-offs among alternatives and consequences; to cumulate our understanding of fragments of the whole problem by embedding these fragments in comprehensive models" (Simon 1997, 249).

Imagine budgeting or engaging in virtually any applied analytical task today without the electronic spreadsheet. For many small and mid-size government entities, in fact, "the spreadsheet is really the budget system" (Metzgar and Miranda 2001, 4). The great advantage of spreadsheet applications is their modularity, their capacity to support the design and adaptation of a variety of office techniques. But, significant variation in this underlying infrastructure would alter standard techniques in budgeting and many other tasks and thus provide opportunities for innovation. The leading edge of widely diffused information technologies have long offered important venues for entrepreneurial management experts. Across the analytical professions the search for innovation often attracts "info-enthusiasts" (Brown and Duguid 2000) or "technological utopians" (Stinchcombe 1990), who embrace reform as ideology. "Listen to Newt Gingrich talk about [Peter] Drucker or Alvin Toffler," one recent analysis suggests, referring to the former House Speaker's commitment to the ideas of popular management theorists, "and even his worst enemy would have to admit that the speaker's enthusiasm for change in the public sector is motivated by more than just a desire to cut welfare" (Micklethwait and Wooldridge 1996, 284).

When actors adopt management ideas, those ideas are both organized by and exert influence on the actors' core beliefs regarding the organization of social life.<sup>11</sup> It is when management ideas cut across political ideologies that they exert their greatest influence. Among the very prominent examples of this kind of effect is the Budget and Accounting Act of 1921, which established the executive budget and with it the basic infrastructure of the modern presidency. The sequence that drew the concept of the executive budget idea onto the national scene and permanently embedded executive budgets in the American system of governance was shaped at every stage by institutional politics.<sup>12</sup> Yet, if the eventual impact of these reforms had been understood by members of Congress, the legislation would not have become law. Again, the interests that aligned in favor of executive budgets were drawn together in part by ambiguity about the objectives and

10 For an illustrative account of the relationship between analytical instruments and the theories to which they contribute, see Gigerenzer 1991.

11 In North's words, "the theories individuals construct are colored by normative views of how the world should be organized" (North 1990, 23). These theories tap the commitment to rationality that runs deep in Western society. Carol Weiss writes, "Few ideological commitments in modern Western societies are stronger than the ideas of rationality and intelligent choice, and no institutions are more normatively committed to the application of information to decisions than bureaucratic organizations" (Weiss 1984, 233; see also Wildavsky 1984, 149–50).

12 See, for example, the discussion in Skowronek 1982, ch. 6.

consequences of reform.<sup>13</sup> This pattern echoes through the twentieth-century advance of administrative reform and, more broadly, through the interplay of ideas and institutional change across settings.<sup>14</sup> The budget idea modeled a rational solution to deficits and problems of coordination that cut across political ideologies, appealing simultaneously to the Progressive reform impulse and to latent institutional interests. This mix of the presidential search for decision control and administrative competence, available management and analytical instruments, and institutional bargaining has continued through subsequent iterations of reform.

The Lyndon Johnson White House's concern that the executive lacked the analytical capacity to sustain its Great Society agenda, and its subsequent embrace of PPB, serves as an example. Employing analytical techniques made possible by the development of large-scale computing power and necessary by the administrative challenges of war and state expansion, PPB emerged from Robert McNamara's Department of Defense and was applied by Johnson to all federal agencies in August 1965. According to Richard Rose, PPB "was intended to increase the efficiency with which programs were selected and launched in the expansionist climate of the Great Society" (Rose 1976, 46). As an instrument, PPB was focused on comparing and integrating policies; it was designed to coordinate and rationalize a burgeoning array of social policies. This ambitious agenda overwhelmed the modest analytical capacities maintained by the agencies, the BOB, and White House staff. PPB sought to enhance this capacity, concentrating analytical functions, and thus the power to frame decisions, in the hands of expanding cadres of policy analysts, who reported to agency administrators and the president (Rivlin 1969, 1971; Weiss 1984; Williams 1990).<sup>15</sup> As a model for budgeting, PPB ultimately failed to take hold beyond the Department of Defense, in part because, as Schick writes, "it did not penetrate the vital routines of putting together and justifying a budget" (Schick 1973, 147). PPB suffered most acutely from congressional resistance and from lack of support within BOB. Schick continues, "Only after they perceived that the Budget Bureau itself was not committed to budget change did the departments cut their losses" (Schick 1973, 148).

Through the next decade the search for rational decision processes gained new urgency as periods of sustained budget deficits and encroaching policy commitments created competition among priorities for increasingly limited resources. Faced with mounting public expectations, larger budgets, but less budgetary discretion, presidents have become increasingly aggressive in their search for whatever means they can find to break the budgetary base.<sup>16</sup> By the time Jimmy Carter took the White House, the shift in the political

13 It was, as Jesse Burkhead writes, "a peculiar combination of reformers—professional political scientists and public servants, who wished to transform government into a positive instrument for social welfare, and the conservatives of the business community, who wished to reduce governmental expenditures and lower tax burdens" (Burkhead 1956, 29).

14 Ideas "constrain and enable policymaking, both by limiting the range of policies that are considered rational and by giving policymakers a repertoire of legitimating tactics for their favored policies" (Lieberman 2002, 709).

15 In FY 1968, 685 PPB-related staffers were located in 21 non-Defense agencies and departments, while BOB retained between 15 and 20 PPB specialists. Ott and Ott conclude that PPB "is not a technique for building up the Budget Bureau's powers relative to the agencies but for giving the agencies devices to evaluate their own activities better" (Ott and Ott 1969, 48–49, 60 n. 7).

16 Entitlements, indexation, trust funds, and interest on the federal debt now occupy more than two-thirds of budget dollars, compared with one-third three decades ago (Patashnik 1999, 156–57). It is a problem that has mounted over time. A quarter century ago, Fred Malek bemoaned "mammoth uncontrollables," saying they were the "principal deterrent to intelligent budgeting." (Malek 1978, 169–170) See also Kettl 1992.

environment toward consolidation had taken a firm hold on presidential politics. By embracing Zero-Base Budgeting, the presidency again seized a popular technique that centralized decisions and framed analysis in a way that advanced the president's broader administrative objectives. Rooted in a response to the perceived shortcomings of PPB, ZBB had been widely adopted by public and private organizations, including Governor Carter's Georgia (Pyhrr 1973). "In contrast to the traditional budgeting approach of incrementing the new on the old," President-elect Carter wrote, "zero-base budgeting demands a total rejustification of everything from zero" (Carter 1977, 66). It was, in Arnold's words, "an ideal weapon for Carter," and it fit well with Carter's broader efforts to consolidate and simplify government (Arnold 1998, 315). ZBB promised to stand comprehensive, principled analysis against the forces buttressing existing policies. It was also enormously time- and information-intensive, and burdened by complexity and ill fitting among existing processes, it delivered vanishingly little leverage in budget politics (Draper and Pitsvada 1981; Wildavsky 1984). Arnold concludes, "It was, evidently, a weapon that misfired" (Arnold 1998, 316).

Both PPB and ZBB were responses, under differing circumstances and using differing models, to problems of presidential policy influence. For the Johnson administration the core problem was informing and coordinating expanding federal policies. For Carter it was large established policies and the combination of budgetary routines and political alignments reinforcing them. Both presidents employed contemporary management ideas to interpret these problems and to generate solutions. In each case, a prominent model aligned with their priorities was on offer from the analytical professions, so each seized the solutions and began to implement them. Again, the two key features driving reform are the president's political objectives and the available tools presidents believe will repair perceived deficiencies in analytical competence and political control. The next section traces these factors through the development of PART.

## **PART AND THE POLITICS OF BUDGET REFORM**

PART's advocates in OMB and elsewhere argue the initiative is rooted in the logic and shortcomings of GPRA. It is, in OMB deputy director Clay Johnson's words, an effort to "address weaknesses in GPRA implementation" by applying the information generated through GPRA to OMB decision making (Johnson 2003). This is a characteristic of all presidential budget reforms; each is informed and draws on the analytical resources left behind by prior initiatives. As Allen Schick traced "the road to PPB," later the "road from ZBB," and stops in between, it is clear that these reforms are rooted in a common tradition that revisits, revises, and rearticulates a few core logics, among them policy control and competence (Schick 1966, 1978). PART is indeed grounded in the feedback generated from GPRA's implementation through the 1990s. The following paragraphs briefly trace the hope and frustration that came to characterize GPRA during this period, paying particular attention to developments within and between Congress, the agencies, and OMB.<sup>17</sup>

### **From GPRA to PART**

At the time of its passage in 1993, GPRA enjoyed broad but shallow support in Congress and was welcomed by the Clinton administration as a complement to its own National

17 For an incisive discussion of these issues that goes beyond the brief narrative presented here, see Radin 2000.

Performance Review (Gore 1993, 72–74). GPRA requires that all U.S. federal agencies engage in strategic planning, articulate goals and objectives, and develop performance indicators. It was one of a number of comprehensive legislative reforms that formalized in the agencies reform ideas that were taking hold across liberal democracies during the 1980s and 1990s (Kettl 2000). As the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994 mandated that agencies produce audited financial statements, GPRA standardized agency production of performance measures designed to improve decision making and enhance public control of agency activities. In the words of the Governmental Affairs Committee report accompanying the legislation, GPRA's central objective was "to improve the confidence of the American people in the capability of the Federal Government, by systematically holding Federal agencies accountable for achieving program results" (U.S. Senate 1993). The bill's primary advocate in the Senate, William Roth (R-DE), argued that "most government managers truly do want to do a good job. But to do this, they need a clear understanding of specifically what it is their programs should accomplish, and then accurate, timely information on program performance. In that way, they are no different than managers in the private sector. So too does the Congress need information on program performance and results—especially for purposes of oversight" (*Congressional Record* 1992, S16022).

Signing the legislation into law, President Clinton cited the same priorities articulated by the Senate Governmental Affairs Committee. GPRA would enhance government efficiency and effectiveness, and it would, in Clinton's words, "help restore the credibility and confidence of the American people in the public enterprise" (Clinton 1993, 1540). To GPRA's designers this was no minor endeavor. A July 1993 Congressional Budget Office (CBO) report warned that implementation would be slow, would require substantial investments from both Congress and the executive, and would only yield returns once necessary knowledge and routines, or what the report called a "culture of performance measurement," took hold. GPRA's implementation was mapped across a seven-year schedule, allowing that, as the report recommended, "the short run emphasis should remain on developing performance measures for agency management rather than for use as a tool for allocating resources" (U.S. Senate 1993).

GPRA was seen by advocates as a nonpartisan effort to build and make use of agency analytical capacity and thus improve management and budgeting. A common view held that GPRA would rebuild agency and OMB evaluation capacity, which had been, according to the General Accounting Office (GAO), "gravely eroded" during the 1980s (GAO 1988; Lane 1996; Williams 1990). Within OMB, the Reagan administration brought about the culmination of a period of politicization that had begun in the 1960s. The development of the OMB practice known as "Spring Review" illustrates the point.

Prior to the 1980s, the Spring Review provided program division staff within OMB an established set of practices by which to identify policy issues they believed should be addressed in agency budget requests. Staff, including frontline budget examiners, the "eyes and ears" of OMB, typically would present analysis to program associate directors and senior Budget Review Division staff, who would then summarize issues for presentation to the OMB director and ultimately the president. The resulting policy guidance provided agencies with detailed guidelines for developing fall budget requests (Johnson 1988, 10–11; Tomkin 1998, 119–20). Under Reagan, however, the Spring Review yielded to the administration's broad shift toward top-down, ideologically driven budgeting.

Rather than being guided by the “knowledgeable advice” of OMB’s intelligence gatherers, the 1981 and 1982 Spring Reviews provided an opportunity to articulate and solidify the administration’s priorities. By 1983, in all but a few program areas, the Spring Review became an abbreviated review of, in Tomkin’s words, “the administration’s previous goals from the past budgetary cycle and an assessment of the success rate of those goals.” (Tomkin 1998, 119, 137).

A decade later the Clinton administration and GPRA brought new emphasis on OMB’s analytical capacity. In March 1995 a Spring Review was reestablished under OMB deputy director Alice Rivlin. Rivlin saw an opportunity in the implementation of GPRA to reinvigorate the Spring Review process and with it bring new emphasis to policy competence in OMB and the agencies. These reviews were structured by examination and development of agency strategic plans and performance indicators under GPRA’s mandates. Agencies were informed that these sessions would focus on “developing plans that meet GPRA requirements, and are aligned with budgets, streamlining plans, performance agreements, and other related initiatives going on in the agencies,” and highlighting “parts of the strategic plan to frame discussions this Fall with the agencies on their proposed annual performance goals” (Tomkin 1998, 264; Rivlin 1995, 1996). In line with the OMB 2000 reorganization, which replaced with word budget with program in the examiner’s job title, the reviews promoted the integration of management and budgeting decision-making (Martin, Wholey, and Meyers 1995, 90). While much of the information in GPRA-related documents existed previously, the process formalized and brought a degree of standardization to interactions between OMB and the agencies. At least initially, its emphasis from principals gathered the attention of department administrators (Tomkin 1998, 264–65).

Conforming to a long-standing pattern in reform politics, however, GPRA’s implementation in the agencies proved slower, more complicated, and more political than expected. Broad support for GPRA masked latent ambiguity and conflict. In the words of one House Government Reform Committee member, “The Democrats see the Results Act as a way to deliver the same level of service, but do it better and more efficiently. They are not in this to cut a lot of programs out. By contrast, Republican leaders see this as a way to justify devolution of functions to the states and thus eliminate a lot of things at the federal level” (Kirschten 2001).

The two opposed conceptions of GPRA’s purpose squared off following the 1994 Republican electoral victory. Reform-minded conservatives in the new majority, particularly House majority leader Dick Armey, recognized in GPRA an opportunity to scrutinize “wasteful” and “failing” programs (Schatz 1997; Thomas 2000). In July 1997, as agencies prepared to submit the first mandated performance plans, Armey and the House leadership circulated a “Dear Colleague” letter announcing a “major government-wide project” that would use GPRA to evaluate government programs. They noted, “We plan to use the Results Act to guide federal decision-making based on what is actually working in government and what is wasted in government” (Armey, Livingston, Kasich, and Burton 1997). That October, Armey again promised to use GPRA to “audit the entire federal government. . . . Agencies with outdated missions, that lack focus, that are redundant, or provide no public benefit will be exposed and held accountable” (Friel 1997). GPRA-mandated reports gathered significant attention from staffers in the majority leader’s office, a group begun on Armey’s initiative called the “Results Caucus,” in the Congressional Research Service (CRS) and GAO, and among the various offices around Washington tasked with monitoring agency politics.

GAO, in particular, invested enormous resources monitoring and evaluating agency GPRA implementation. Between 1997 and 1999 GAO published almost 250 reports guiding agencies through the processes of strategic planning and performance measurement. The effort prompted Majority Leader Arme y to take the House floor in September 1997, announcing, “GAO’s ability to produce so much outstanding work in such a short time period is a tribute to the breadth of knowledge, expertise, and commitment of its outstanding staff” (Arme y 1997). Others in the Republican majority struck a less high-minded tone. Government Reform and Oversight Committee chair Dan Burton, for example, warned that agencies producing poor performance data would face a “budget bludgeon” (GovExec.com, 1997).

Agency staff responded to this attention with an understandable wariness. According to one contemporary account, “Managers have discovered that planning and measuring performance can turn operations upside down; sharpen disagreements with Congress about the agency’s mission or its existence; and require predicting outcomes shaped by forces agencies don’t fully control” (Figura 1999). In their study of federal executives, Aberbach and Rockman note, “GPRA leaves it to the agencies to propose goals. That can put them in jeopardy with congressional committees and constituencies. . . . It is hardly surprising that agencies have often shied away from stepping on this potential landmine” (Aberbach and Rockman 2000, 150–51). The significant investment of resources necessary to develop an effective performance measurement system and the lack of apparent benefit, perhaps even the hazards, associated with reporting accurate performance data seemed to slow progress in the agencies.

The Clinton administration’s enthusiasm also cooled, and agency compliance clearly suffered. A 1997 review of draft strategic plans by the majority leader’s office resulted in failing grades for nineteen of twenty-four major federal agencies. In 1999 and 2000 GAO and Senate Appropriations Committee reviews found that a majority of agencies still did not demonstrate they could generate credible data (GAO 1999; U.S. Senate 2000). As partisan conflict between Congress and the administration began to dominate GPRA, the capacity of the OMB review process, begun in the middle 1990s to serve the administration’s agenda, fell away. Republicans blamed agency shortcomings on insufficient support from OMB, accusing the organization of failing to live up to its statutory mandate. OMB staff responded that, while still supportive of the goal of performance-informed budgeting, emphasis on budgetary uses hindered its use to improve management. In OMB director Franklin Raines’s or Franklin Raines’ words, “We must avoid using GPRA only as a budgetary cleaver. . . . If the automatic consequence of poor performance is to end the program, then soon the only performance reported will be good performance” (Raines 1997). On the Hill and in Washington’s think tanks, frustration with agency performance reporting mounted. In 2000 *Government Executive* ran a column citing political conflict and failings of agency compliance that sported the headline, “The Results Act Is Dead.” GPRA’s obituary was written (Laurent 2000).

### **The Bush Administration and PART**

Despite its halting, varied implementation, rumors of GPRA’s demise were premature. The energy and frustration that many Republican staffers experienced pushing agencies and decision makers to take GPRA seriously, ambitions of management reform enthusiasts, and the election of a new president breathed new life into performance measurement after

2001. The public management community, committed to the ideas of performance management and budgeting, and the conservative think tanks were prepared (DeMaio et al. 2000; National Academy of Public Administration 2000). A 2001 Heritage Foundation report focused on the presidential transition, entitled *A Budget for America*, implored OMB's new administrators to seize GPRA's reins, warning that agencies and their supporters on the Hill were using GPRA to avert "meaningful reform." The report noted, "If these reports are accepted without challenge, the agencies will subsequently maintain that they are meeting or exceeding expectations and are therefore entitled to continued public support." It added, "Fortunately, if the President is willing to take firm control of the GPRA process, it will give him the tools he needs to consolidate goal-setting and performance measures solidly within the Executive Office of the President" (Antonelli and Sperry 2001, 16).

Those words found a ready patron in George W. Bush. He was, as the campaign slogan announced, a "reformer with results," and he was keen on the notion that management tools might be employed to enhance the president's control over agency administration (Singer 2005). In June 2000, in what would become a kind of mission statement during Bush's first term, candidate Bush stated, "Government should be results-oriented—guided not by process but guided by performance. There comes a time when every program must be judged either a success or a failure. Where we find success, we should repeat it, share it, and make it the standard. And where we find failure, we must call it by its name. Government action that fails in its purpose must be reformed or ended."<sup>18</sup> A Bush presidency would be guided by results rather than process and would move to eliminate programs using performance as its guide. It was therefore no surprise when less than six months after taking office, during the summer of 2001, the administration rolled out its PMA, the use of performance information in budgeting was a central component.

Bush's first OMB director Mitch Daniels was perhaps the decisive advocate within the administration for a more assertive approach toward GPRA. Prompted at a Senate confirmation hearing to take up GPRA, Daniels responded, "Our first goal, I think, ought to be to get the agencies themselves to live up to their responsibility under the Results Act. . . . But if they won't, maybe we can find a way to do it" (Daniels 2001). Testifying before a House committee a year later, Daniels noted that almost ten years after GPRA's passage, "agencies spend an inordinate amount of time preparing reports to comply with it, producing volumes of information of questionable value," and concluded that "the implementation of this important law has gone astray" (Daniels 2002a). Daniels and OMB's top tier, among whom were several former Hill staffers with direct knowledge of what they viewed as agency resistance to GPRA's mandate, set about to correct it.

The Bush administration's first full budget cycle, developing the FY 2003 budget, made an initial, telling move in this direction by including OMB's ratings of the effectiveness of 126 federal programs: 43 effective, 22 moderately effective, 41 ineffective, and 20 unknown (Peckenpaugh 2002). While the administration welcomed what it called a "spirited discussion" regarding its performance ratings, the evaluations were neither transparent nor apparently based on systematic standards. Regarding their source, OMB somewhat opaquely referred to staff "knowledge of the programs" and "professional judgment" (Breul 2002; OMB 2002a). The ratings were widely criticized. Responding

<sup>18</sup> This quotation, from a speech given by then Governor Bush in Philadelphia, PA, on June 9, 2000, is excerpted in the *President's Management Agenda: FY 2002* (OMB 2001, 27) and appears frequently in related publications.

to skepticism about the exercise's objectivity, Daniels told the *New York Times*, "We followed the facts where they led" (Stevenson 2002). It was clear, however, that without credibility this initial effort would not generate the policy leverage the administration sought.

OMB responded during the spring and summer of 2002 by committing substantial staff time to the task of building a more credible instrument. A pilot of the new PART was conducted, and a draft of the PART questionnaire was made available for public scrutiny. OMB invited feedback from the National Academy of Public Administration, GAO, congressional staff, a panel of experts assembled as the Performance Measurement Advisory Council, and an internal staff advisory committee called the Performance Evaluation Team (PET), and open forums were held to gather reactions from other interested observers. Changes to the instrument were made based on these responses. One question, asking whether a federal role was "critical" in the policy area under examination, was eliminated when it was criticized as subjective and ideologically motivated. Some OMB staff believed the section should, in fact, be more heavily weighted, a sentiment related to Daniels by members of the PET. In dropping the question, however, Daniels made a point of emphasizing the administration's commitment to developing a neutral instrument. "To keep the PART as objective as possible," Daniels wrote, "this question has been eliminated" (Daniels 2002b).

Criticisms alleging PART's ideological bias are still common. Its evaluations remain inconsistent in some cases, its ratings seem to disadvantage certain programs such as block grants, and the tool's application prompts unanswered questions regarding the validity of its program reviews (Brass 2004; Radin 2004, 2005; Singer 2005). For example, the Earned Income Tax Credit (EITC) compliance initiative, a \$200 million program designed to reduce the number of incorrect EITC claims, has been PARTed; however, the EITC itself has not. While there is nothing that specifically excludes tax programs from PART's scope, their absence thus far from PART's scrutiny is suggestive. As GAO has pointed out, "Since in some years, tax expenditures are about the same order of magnitude as discretionary programs and in some program areas tax expenditures may be the main tool used to deliver services, this is a significant gap" (GAO 2005a).<sup>19</sup> Steady expansion in the use of tax policies to advance social and economic priorities, and concerns regarding the effectiveness of these policies, presumably would make PART evaluations useful. The omission of the EITC program is more striking still because it is not only, in OMB's words, "one of the largest Federal programs helping America's poor" (OMB 2005), but it is also a refundable tax credit, accounting for both an estimated \$5.1 billion in decreased tax receipts *and* an outlay of \$32.0 billion in 2003.

In spite of these concerns, and beside the inevitable protestations of OMB and agency staff, criticism of PART has been surprisingly tempered given that, from its inception, its objective has been to target and eliminate programs. As OMB director Daniels has put it, PART is designed to ask two questions of every program: "Is it working?" and "Should the government be doing this in the first place?" (Friel 2002). Like the Carter's ZBB, PART is designed to scrutinize the budgetary base. Indeed, while the circumstances under which

<sup>19</sup> One exception to this pattern is the New Markets Tax Credit, a program that issues tax credits on a competitive basis to private organizations investing in low-income communities, which OMB PARTed as a competitive grant program. A tax expenditure is "a provision in tax law that usually encourages certain behavior by individuals or corporations by deferring, reducing, or eliminating their tax obligation" (Howard 2002, 411).



PART justifies increased expenditures are not clearly defined, the instrument seems well designed to justify cutbacks. Two features of the PART help illustrate this point. First, PART isolates programs as the unit of analysis, evaluating their effectiveness as independent policies. This stands in contrast to PPB, which sought to integrate programs in a broader cross-cutting analysis. What is lost is a sense of how policies respond to more complex, interdependent policy aims. What is gained is the capacity to target and assess the effectiveness of single programs. The approach is both politically and analytically advantageous, as it reduces complexity and the potential political tangle associated with resource decisions regarding multiple policies at once. Second, in evaluating programs, the burden of proof, or as the PART guidance puts it, “Standards of a Yes,” is placed firmly on the program. In OMB’s words, “The PART holds programs to a high level of evidence and expectation. It is not sufficient for a program simply to comply with the letter of the law. . . . In general, the PART requires a high standard of evidence and it will likely be more difficult to justify a *Yes* than a *No*” (OMB 2002b).

Given the notion that PART will answer the question, “Should government be doing this?” it is no surprise that some in Congress, particularly in the appropriations committees, argue that PART impinges on congressional authority (Gruber 2003a, 2003b, 2004b). Indeed, Beryl Radin argues that PART is an effort to “preempt” Congress and asks whether it is OMB’s place to challenge congressional judgments regarding program purpose and design (Radin 2004). In the agencies, many are wary that PART and the administration’s approach to performance budgeting are displacing rather than building on GPRA. GAO has on several occasions expressed concern that agencies are unable to “integrate” GPRA and PART compliance (GAO 2004, 2005b). The Bush administration has transformed the scope and content of the performance information agencies report under the GPRA mandate. The OMB guidance to agencies for complying with GPRA (OMB Circular A-11, pt. 6) was slimmed dramatically from ninety-four to eighteen pages between 2002 and 2003. Beginning in FY 2005, OMB also required agencies to submit “performance budgets” in place of the annual performance plans mandated by GPRA. And, while the driving emphasis on the production of fewer, more focused outcomes measures has improved the clarity of GPRA-mandated agency reporting, what is left offers a less comprehensive account of agency operations. Many of the measures that have been discontinued as agencies focused their performance plans are no longer easily available to outside observers. There is a familiar trade-off here between reports that are “strategic,” meaning they advance a clear and focused account of where an agency’s administrators believe the organization should go, and those that are “transparent,” offering a complete and accurate depiction of what is actually going on. Gains under the Bush administration in the clarity and strategic focus of agency reporting have come at a price.

Again, set against these conditions it is reasonable to wonder why we have not observed more conflict over PART. One reason, reinforcing a point addressed earlier, is that the OMB staffers overseeing PART have been persistent in their campaign on its behalf. OMB deputy director Clay Johnson and counselor to the deputy director Robert Shea have made an admirable effort to win the attention and approval of key committee and agency staff, appearing and engaging all comers at a seemingly endless series of appointments on the Hill and around Washington for meetings sponsored by management advocacy organizations, think tanks, and consulting firms. They present PART in careful, nonideological terms. In February 2004 testimony, Johnson epitomized the OMB version of PART’s usefulness as he presented changes in proposed funding levels for every program rated during the FY 2004

and FY 2005 budget cycles. “As you will see,” Johnson noted, “a PART rating does not today, nor should it ever, result in an automatic funding decision.” Echoing a familiar line of explanation, Johnson highlighted examples of budget decisions informed by PART scores, both decreases and increases in funding (Johnson 2004). Each budget cycle the administration has showcased a few examples of funding decisions based on PART evaluations as if they are educating Hill decision makers about PART’s usefulness. Framing PART’s usefulness in this way, of course, is sensible and offers the added benefit of reserving for the administration the discretion to interpret PART’s findings as it sees fit.

As a strategy for enhanced policy leverage or control, therefore, PART offers a sharp contrast to the centralization strategies pursued by the Reagan OMB. In emphasizing PART’s credibility as a source of objective program evaluation and the administration’s commitment to its legitimate use, the administration acknowledges that its policy leverage derives from bargaining rather than direct control or unilateral action and that the strategies of politicization and centralization carry reputational costs that may ultimately weaken the administration’s hand. Moreover, unlike the Reagan administration, which pursued strategies that eroded agency analytical capacity and thus the availability of evidence regarding program outcomes, the Bush strategy uses performance assessment as a means of auditing executive branch policies. PART embraces analysis as an instrument for advancing presidential priorities, and as a result, its success depends to a degree on healthy agency evaluation capacity.<sup>20</sup>

Republican control of Congress also provides the administration the benefit of supportive committee leadership, thus muting potential criticism. In both the 108th and 109th Congresses, for example, the House Committee on Government Reform introduced the Program Assessment and Results Act, a bill that, while not designed to “codify the specific methodology used by PART,” bears similarities more prominent than its departures. Like PART, the stated intent of the legislation is to “improve” GPRA by providing a statutory framework for program assessment. The legislation would require that OMB evaluate the performance of each federal program every five years, more frequently for higher priority programs and those undergoing substantial revision. In other words, the legislation adopts a similar timeline to the review and reporting process employed by PART. The prospects for this legislation suggest a third reason that might explain the relative lack of controversy PART has inspired. Like PART itself, in most offices on Capitol Hill, beyond the confines of the reform committees, PART and PART-like legislation are nonstarters. Even with the relative unity that characterized the first Bush term, when PART registered, it prompted congressional skepticism. Thus, under perhaps the most favorable circumstances, PART faces the same obstacle encountered by all previous presidential budget reform initiatives: congressional resistance.

Even if, as seems increasingly likely, PART fails to gain significant leverage in Congress, it responds, along with the administration’s broader PMA, to some of the central management challenges facing any modern presidency. Since 2001, “results” has served the administration as a sort of governing mantra. Among the administration’s appointees, a common refrain holds that the president manages the executive branch with three priorities, “results, results, results.” A Web site, “results.gov,” developed initially with leftover

20 It is worth noting one similarity between the two administrations: both pursued first-term agendas that included tax cuts and spending resulting in large deficits, which, in turn, created conditions favoring second-term commitments to reduce nondefense discretionary spending.

funds from the presidential transition, guides agency officials through the PMA. Featured on the Web site are the administration's now-famous PMA report cards, rating by color—red, yellow, green—agency status and progress across the administration management priorities. The approach Donald Kettl has labeled “government by traffic light”; others derisively refer to it as the “U.S. News” approach to policy and management (Kettl 2002). Allen Schick typifies the skeptical view, noting, “When performance measurement becomes a beauty contest through scorecards and rankings, what the process gains in popularity it surrenders in rigor and soundness” (Schick 2001, 41). At times, this exercise has flirted with the absurd. For a time cabinet officials were even required to bring to cabinet meetings a copy of their PMA scorecards, rating their agency's progress on the administration's key management objectives. Clay Johnson related that Attorney General John Ashcroft “had a blown-up version of his score card in the last Cabinet meeting, and I know John Snow was sitting next to him and was quite nervous because the Justice Department had fewer reds than the Treasury Department. . . . There's the competition thing, and they know the president pays attention” (Gruber 2004a). Yet, the technique is credited with focusing attention on recognizable progress in a few areas. It contrasts in some ways favorably with the National Performance Review's reform by “laundry list.”

PART, like the PMA scorecards, abbreviates information about agency administration in such a way that the president can easily interpret and attend to those management issues about which he cares most. PART structures communication between OMB and the agencies, focusing agency personnel on a few key presidential program and management priorities (Jones 2003). It reflects well-documented strategies used by managers in response to the informational pathologies characteristic of all large organizations. These strategies resist distortion, counter biases, and direct attention (Downs 1967, ch. 10; Wilensky 1967, 47). PART's guidance of the critical intelligence-gathering function played by OMB's frontline program examiners should not be understated. Given the quantity and complexity of data generated by agencies, OMB's program or budget examiners have traditionally served as valuable sources of intelligence for presidents: gathering and analyzing information and acting as a point of contact with the agencies they oversee (Tomkin 1998, 80–81). As noted, in recent decades this role has come under a host of pressures, including top-down budgeting, limited staffing resources, added responsibilities, such as following congressional budgeting, and fewer experienced program staff.

Advising the new administration in the 2001 report noted above, the Heritage Foundation advanced the idea of both a more aggressive approach to GPRA and a reinvigorated Spring Planning Review modeled after the top-down structure employed by the Reagan OMB in 1981 and 1982. In its words, the Spring Review had been used to articulate and coordinate with agency personnel “unified executive branch proposals” for presentation to Congress. “Essentially, Spring Planning Review was used to insert presidential policy into the iron triangle between Congress, executive branch agencies, and special-interest groups” (Antonelli and Sperry 2001, 16). Indicative of the ideas circulating among conservative reform-advocates, the report's message is clear: Seize on OMB and agency analytical capacity to inform and advance a positive reform agenda. Notably, OMB's initial PART pilot was conducted in conjunction with the 2002 Spring Review (OMB 2003). While subsequent iterations, with agency feedback and appeals, have extended from March well into the summer months, PART now occupies a major role in OMB's program analysis and serves to routinize examiner intelligence gathering. The result is greater standardization, less examiner discretion, and information that is more easily

interpreted by senior OMB and White House decision makers. GAO notes that “PART provides an opportunity to more efficiently use scarce analytic resources, to focus decision makers’ attention on the most pressing policy issues, and to consider comparisons and trade-offs among related programs by more strategically targeting PART assessments.”<sup>21</sup> While OMB staff view PART with ambivalence, this intelligence-directing function is accomplished while reinforcing the culture of neutrality that serves an important intra-organizational function by facilitating coordination and self-governance (Brehm and Gates 1999; Miller 1992; Sharma 1997).

Paraphrasing Richard Neustadt’s advice to John Kennedy, OMB is not today what it once was. Its frontline eyes and ears are younger, less experienced, and expect to serve a shorter period than they once did. It is common for observers to fret that this is yet another sign of OMB’s reduced capacity. But, as Neustadt pointed out almost a half century ago, the budget office rarely was what either its partisans or its presidents felt it ought to be. The executive order applying PPB across federal agencies emerged from a Johnson White House greatly frustrated with the quality and timeliness of intelligence on agency activities essential for Johnson’s activist presidency. Much of this frustration was directed toward BOB, which was stretched thin and lacked a “radar system” adequate to White House policy and management needs (Berman 1979, 80). Similarly, the Richard Nixon administration’s adoption of MBO in 1973 served, according to Fred Malek, to clarify and structure OMB-agency communication. He quotes an administration memo describing MBO’s purpose:

Assure that what the President wants accomplished is accomplished. . . . Establish a method of setting priorities in order to focus the manpower and fiscal resources of the President’s staff, including OMB. Open the line of communication between top OMB officials and heads of departments/agencies to discuss department and agency problems. Assure accountability for performance on the part of department heads (Malek 1976, 153).

The MBO framework moved away from the mechanics of rational budgeting to the administration of presidential initiatives; but like PPB it was a popular management technique and served the president’s key administrative objectives. Nixon staffer Roy Ash’s observation that “organization is policy” reflected both a professional disposition (Ash and Malek were both graduates of Harvard Business School) and a description of how the world probably looked from a Nixon White House, attempting to negotiate the administrative tangle left behind by New Deal and Great Society policies (Rose 1976, 50).

If, in the end, PART yields only a handful of program eliminations or demonstrates policy leverage seemingly outweighed by the staff time and resources it has consumed, is it a failure? What if PART ceases to exist when a new president occupies the White House? As a matter of observable political outcomes, the answer may very well be “yes.” If the question is something like, as Aimee Franklin recently asked, “How many management reform efforts does it take to improve government operations?” (a question, she notes, sounds like a “very bad joke”), again the answer cannot reflect well on the administration’s investment (Franklin 2001, 8). Better questions might be: Has the administration used OMB effectively to advance its broader agenda? Has it made effective use of available

<sup>21</sup> GAO further notes, “Both OMB and agency staff noted that this helped ensure that OMB staff with varying levels of experience focused on the same issues, fostering a more disciplined approach to discussing performance within agencies” (GAO 2004, 4).

management tools and concepts? Has it effectively steered administrative process to advance its priorities? Though it is in some ways too soon to tell, it is clear that this “results-based” presidency has, perhaps more than any recent administration, seized on the tools of process to advance its agenda.

## CONCLUSION

This review of the development and application of the George W. Bush administration’s PART initiative has been prompted by two questions. First, why, given the dismal record of previous presidential budget reforms, has the Bush administration invested time and resources in PART? Second, why, given the push toward political responsiveness observed across recent presidencies—a propensity now increasingly treated as a necessary feature of the institutional presidency—has the Bush administration dedicated time and resources to making PART “neutral” and “transparent”? The analysis presented here examines PART as a product of institutional problem solving. PART, like the other rationalizing reforms advanced by recent presidents, responds to two persistent sources of administrative problems. First, PART seeks to enhance the president’s leverage in making budget allocations, specifically by aiding the administration’s efforts to eliminate programs it contends are wasteful or ineffective. Second, PART helps manage policy competence in OMB and the agencies by structuring OMB program analysis and intelligence gathering.

PART’s reputation as a neutral instrument is essential for both functions and has therefore been carefully cultivated by senior OMB staff. Budget leverage requires bargaining, and PART is useful only in the degree to which it is believed credible among key actors. Moreover, while recent presidents have often bypassed OMB, believing the organization to be unresponsive to the president’s political needs, the Bush administration’s PART seeks to discipline and employ OMB’s policy competence to advance the administration’s political agenda. In this sense, PART falls among several strategies employed by this administration that use highly structured, abbreviated information to guide policy administration. In responding to the problems of control and competence, PART’s structure and application are functions, first, of the president’s disposition toward existing policies and administrative arrangements and, second, of the range of managerial instruments at the president’s disposal. An exploration of the latter, this article argues, highlights critical shortcomings in common approaches to research in the fields of institutional and administrative politics. The problem-solving approach, taken up in recent years by students of new institutional economics and other fields, offers a robust foundation for the examination of continuity and change in administrative politics.

A final word is in order since the analytical strategy embraced here may not strike all readers as an obvious, or even worthwhile, course for the advance of scholarly research on administrative politics. First, the claim that PART serves secondary purposes beyond the policy influence that OMB director Daniels clearly envisioned when the project was initiated does not suggest that the project conforms to some inclusive notion of rational outcomes. The history of budget and management reform is full of errors, fads, and the “inappropriate standardization” of practices (Pfiffner 1996, 92–93). Nor does the propensity of presidents to choose badly recommend that scholars set aside the intentions that propel administrative politics. The reform as problem-solving approach instead places emphasis on the concepts that actors use to evaluate current and potential organizational

arrangements for the simple reason that they are essential for understanding policy administration. The sometimes contentious debate over the appropriateness of one or another behavioral assumption can obscure what should be a pragmatic decision focused on one objective: constructing better explanations (Mantzavinos 2001).

Professional management and the proliferation of popular management ideas figure prominently in the process by which administrative conditions are deemed undesirable and solutions are generated (Brint 1994; Micklethwait and Wooldridge 1996). Today, the rapid turnover of management ideas fuels a growing abundance of “new” solutions, as well as a healthy skepticism regarding those claims. That skepticism takes several forms, from the scholarly, in the case of the sociologists’ “management fashions” (Abrahamson 1996) and “institutional isomorphism” (DiMaggio and Powell 1983), to the vernacular, in the managers’ common refrain, “flavor of the month.” The sentiment offers a point of departure in the scholarly critique motivating Moe’s “The Politicized Presidency.” He states, “Presidents may know where they want to go, but science cannot tell them how to get there”; and he continues elsewhere, “even if they had the resources to impose any reforms they liked, they would not know how to design an institutional system optimally suited to presidential needs.” The shortcomings of organizational science force presidents to rely on “popular belief systems about organizations, which have their roots in social science but are really blends of plausible theoretical notions, common sense, and normative beliefs” (Moe 1985, 242, 249–50). Moe’s dissatisfaction with the state of management theory and his prescription in the form of parsimonious rational choice theory parallels William Riker’s observation regarding the failings of postwar political scientists. “In the absence of a discipline,” he writes, “they could not diagnose institutional or constitutional problems, and so, of course, they could not prescribe” (Riker 1997). In other words, prescription must build from science. And, for students of positive theory, progress in the political and organizational sciences will be guided by the predictive power of microeconomic functionalism (Riker 1991; Stinchcombe 1990).

The problem-solving framework follows a different strategy, focusing instead on the development of empirically grounded models of intentional behavior. The “myths, dogmas, ideologies and ‘half-baked’ theories” populating contemporary management are treated in this approach as potentially important variations on the cognitive mental models that guide economic and political action across settings (Denzau and North 1994). This is not to suggest formal or equilibrium-based theories cannot be fruitfully applied—quite the opposite. Given basic features of the choice environment—motivation, complexity, and the quality of informational feedback—the rationality assumption can be useful.<sup>22</sup> However, the proposition that choices regarding administrative structure or process can be scientifically analyzed without seriously considering the mental models from which those choices in part derive promises irrelevance. From the creation of the executive budget to the recent Homeland Security reorganization, contemporary organizational models are inescapable features of institutional choice and administrative strategy.<sup>23</sup>

22 Given certain conditions—structural incentives, shared information, multiple iterations, aggregated outcomes—formal equilibrium models assuming substantive rationality have yielded valuable insight on patterns of action within institutions. For relevant treatments, see Cameron 2000, 78; North 2005, ch. 2; Tsebelis 1990, 31–39.

23 Cleveland’s conception of public budgeting, for example, was explicitly modeled in part on a comparison with corporate organization. Cleveland wrote, “A budget is to self-government what the proposals contained in the annual report of the president of a corporation are to the board and stockholders” (Kahn 1997, 67).

Mental models promote and structure reform by guiding problem identification, framing the problem representations that actors form, and generating solutions. As they are articulated and transferred across organizations and professional communities, they are arranged into shared normative frameworks—scientific management, management by objectives, cost-benefit analysis, incrementalism, balanced scorecards—which promote stability and change in organizational life. The pace at which contemporary management concepts are promoted and revised contrasts sharply with the articulation of “the Budget Idea” by early twentieth-century municipal reform advocates. However, they are rooted in the same problem-solving processes. They provide, for actors in administrative politics, distinct management ideologies that cut across political commitments.<sup>24</sup> The advance of research on administrative politics demands a better understanding of how these processes influence administration across eras. It demands more of our models than to know that - but to know when, where, and how presidents and other actors in institutional politics seek to influence policy outcomes.

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<sup>24</sup> These shared management models fall within North’s definition of ideologies: the models or theories individuals employ to explain the world around them. Ideologies both guide and promote action by providing actors with a vision of how the world should be organized. Like the technologies with which these models are closely intertwined, ideologies serve to shape incremental, path-dependent institutional change (North 1990, 23, 74–81).

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