

# Bob Behn's Performance Leadership Report

An occasional (and maybe even insightful) examination of the issues, dilemmas, challenges, and opportunities for improving performance and producing real results in public agencies.



On what public executives must do to cope with

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## The Challenge of Cutback Budgeting

Half-a-century ago, the late, great Aaron Wildavsky explained to us that budgeting is essentially incremental. In *The Politics of the Budgetary Process*, Wildavsky described how public officials—from both the legislative and executive branches—make their decisions about next year's budget: They simply take this year's budget as the base—as a given—and add to it some increment to cover both inflation and new initiatives.

Wildavsky's explanation of the budgetary process was not merely predictive, though it certainly permitted observers (and participants too) to estimate what would happen next year and in future years as well. It also had a lot of prescriptive appeal: It

gave agency managers, budgeteers, and legislators a way to simplify and rationalize their procedures for creating next year's budget. It permitted budget bureaus and appropriations committees to decentralize the process—each agency got its own increment—eliminating inter-agency and inter-jurisdictional squabbling. Few got everything they wanted; everyone, however, got something.

Today's reality is, of course, quite different. There are few increments to be allocated. There are mostly decrements to be imposed. The routine, consensual process has been replaced by a chaotic, contentious one. Today, the budgetary process makes no one happy; instead it just makes almost

everyone livid and resentful. Those who believe government spending is too high still have their favorite programs that they wish to protect.

Budgeting today makes everyone angry. For the routine, consensual process of incremental budgeting has been replaced by the chaotic, contentious conflicts imposed by decremental budgeting. Cutback budgeting isn't easy. And it isn't much fun.

To paraphrase Senator Russell Long (long the chairman of the U.S. Senate Finance Committee), everyone offers the same advice: "Don't cut you, don't cut me, cut that fellow behind the tree."

With incremental budgeting, it is relatively easy to create a stable coalition around a specific set of increments. Who, however, benefits from joining a budget-cutting coalition? Publicly agreeing to support cuts in your favorite program brings nothing but abuse from constituents.

The differences between incremental and decremental budgeting are many and consequential. (See table.) Most significantly, because cutback budgeting cannot be decentralized, it requires active leadership.

It helps to have an overarching purpose—such as saving the economy. Even then, few will volunteer to be the first to join the coalition. And many will benefit from never joining.

The rewards for cutback leadership are few, while the political punishment can be severe. **B**

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**The Qualitative Differences Between Incremental and Decremental Budgeting**

Incremental Budgeting	Decremental Budgeting
Is decentralized.	Is centralized.
Permits substantive decisions to be made in a fragmented manner.	Requires all substantive decisions to be put into a comprehensive package.
Focuses only on the increment; the base need not be examined.	Requires a reexamination of the entire budget.
Is routine and consensual.	Is chaotic and conflict-laden.
Involves negotiations and accommodation, based on mutual respect.	Requires confrontation and coercion, and generates mistrust.
Can be delegated to specialists and is mostly invisible.	Provokes political engagement and is very visible.
Appears to be merely distributive.	Is clearly redistributive.
Is historical, annual, repetitive, and predictable.	Is precedent-breaking, multiyear, erratic, and unpredictable.
Is rewarding (for there is credit to be shared), creates stable coalitions, and thus <i>is automatic</i> .	Is painful (for there is only blame to be absorbed), involves unstable coalitions, and thus <i>requires active leadership</i> .
Source: Behn, "Cutback Budgeting," <i>Journal of Policy Analysis and Management</i>	

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