Budgeting during the Bush Administration

IRENE RUBIN

The beginning of a new administration is a particularly good time to look back at budgeting in the prior presidential administration, to make more visible the areas of continuity and change. Four themes stand out from the administration of George W. Bush: tax reductions and the growth of deficits; efforts to reform Social Security and Medicare focusing on privatization; strengthening of executive budgetary power vis-à-vis Congress; and relatively more emphasis on loyalty and political experience than competence and transparency in budgeting and financial accountability.

During this same 8 years, congressional budget process deteriorated. Congress at times challenged the president’s increased budgetary powers. It generally ignored the OMB-initiated PART performance evaluations, refused to consider the president’s proposed Social Security privatization initiatives, and denied the president expedited rescission powers. Congress went along with the president when it came to the combination of tax cuts and increased spending that turned a surplus into a deficit. Congress passed tax cuts as well as increases for defense and domestic security and the new entitlement program for drug coverage. Congress also continued to give the president a blank check in emergency supplemental appropriations, which added simultaneously to the president’s budget discretion and to the deficit.

TAX REDUCTIONS AND THE GROWTH OF DEFICITS

The biggest budget story of the Bush years is the turnaround from the surpluses amassed during the Clinton administration to large deficits run up during the Bush administration. Along with this shift was a major loss of opportunity to address the problem of funding Medicare, Medicaid, and Social Security for an aging population. The administration’s policy priorities were to reduce taxes, especially to the wealthiest portions of the population, and to increase spending on defense while freezing or reducing the

Irene Rubin is at the Division of Public Administration, Northern Illinois University, DeKalb, Illinois. She can be reached at irubin@niu.edu.
budget share of nondefense domestic programs. Defense rose from 15.6 to 19.9 percent of the budget from 2001 to 2008.\(^1\) The wars in Iraq and Afghanistan were generally funded through emergency supplemental appropriations, which were not offset by increased revenues or spending cuts. The cumulative result of these policies was a return to major deficits (Table 1).

The revenue losses from tax reductions granted between 2001 and 2006 will cost about $2 trillion by 2010 when the reductions sunset. The Economic Growth and Tax Relief Reconciliation Act of 2001 alone cost $1.35 trillion over 10 years, while the Jobs and Growth Tax Relief Reconciliation Act of 2003 reduced tax revenues by another $350 billion (Table 2).\(^2\)

Tax reductions are popular and Congress proved unable to resist the appeal of the Bush proposed tax cuts. While many more Republicans than Democrats supported the tax reductions, they were not passed strictly on party lines. For example, in 2001, 12 Democrats voted with 45 Republicans to pass the bill in the Senate, while 28 Democrats joined the 211 Republicans in the House to vote for the tax reduction bill.

Once the deficits returned, Congress did little to eliminate them. The budget process was chaotic and ad hoc. After the budget came into balance in 1998, the budget rules in the Budget Enforcement Act were often bypassed, and when the Act expired in 2002, it was not renewed. One key feature of that lapsed law required offsets for decreases in taxes and increases in spending. Without the Budget Enforcement Act of 1990, Congress

---

\(^1\) Historical tables of the U.S. budget, 2009.


---

### TABLE 1
**From Surpluses to Deficits**

<table>
<thead>
<tr>
<th>Year</th>
<th>Surplus/deficit</th>
<th>%GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>125.5</td>
<td>1.4</td>
</tr>
<tr>
<td>2000</td>
<td>236.2</td>
<td>2.4</td>
</tr>
<tr>
<td>2001</td>
<td>128.2</td>
<td>1.3</td>
</tr>
<tr>
<td>2002</td>
<td>-157.8</td>
<td>-1.5</td>
</tr>
<tr>
<td>2003</td>
<td>-377.6</td>
<td>-3.5</td>
</tr>
<tr>
<td>2004</td>
<td>-412.7</td>
<td>-3.6</td>
</tr>
<tr>
<td>2005</td>
<td>-318.3</td>
<td>-2.6</td>
</tr>
<tr>
<td>2006</td>
<td>-248.1</td>
<td>-1.9</td>
</tr>
<tr>
<td>2007</td>
<td>-162.0</td>
<td>-1.2</td>
</tr>
<tr>
<td>2008</td>
<td>-455.0</td>
<td>-3.2</td>
</tr>
</tbody>
</table>

fell back on the 1974 Congressional Budget Reform Act to guide its budget deliberations and provide some constraints, but found itself unable to follow those rules in many years. Even when it was able to pass a budget resolution that provided Congress budget totals to work with, it did not always make the allocations to the committees public. One effect was to obscure the consequences of the large tax reductions of the Bush years, which should have but did not result in parallel spending cuts.

Transparency and Gimmicks

The administration was not open about the costs of the tax reductions or their impact on the deficit. For the 2001 and 2003 tax reductions, the administration and Congress designed the package so that the tax breaks would expire in a shorter than normal period of time. The cost estimate assumed that when the legislation sunset, the tax yield would return to pre tax cut levels. In 2004, the administration proposed to make the costs of extending the tax cuts appear to be zero by comparing the costs of continuing the reductions to the revenue levels after rather than before the tax reductions.

OMB Director Mitch Daniels did not acknowledge that tax reduction was a primary factor in the decline of the surplus, blaming the recession following the events of 9/11 instead.3


---

**TABLE 2**

**Supplemental Spending, Net of Rescissions, 2000–2008 (in Millions)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Budget authority</th>
<th>Deficit/surplus</th>
<th>Supp % of deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>16,952</td>
<td>1,825,136</td>
<td>236,241</td>
<td>NA</td>
</tr>
<tr>
<td>2001</td>
<td>27,479</td>
<td>1,959,215</td>
<td>128,236</td>
<td>NA</td>
</tr>
<tr>
<td>2002</td>
<td>45,317</td>
<td>2,090,271</td>
<td>−157,758</td>
<td>28.7</td>
</tr>
<tr>
<td>2003</td>
<td>81,107</td>
<td>2,266,275</td>
<td>−377,585</td>
<td>21.4</td>
</tr>
<tr>
<td>2004</td>
<td>117,103</td>
<td>2,408,340</td>
<td>−412,727</td>
<td>28.3</td>
</tr>
<tr>
<td>2005</td>
<td>160,410</td>
<td>2,582,889</td>
<td>−318,346</td>
<td>50.3</td>
</tr>
<tr>
<td>2006</td>
<td>93,633</td>
<td>2,841,652</td>
<td>−248,181</td>
<td>37.7</td>
</tr>
<tr>
<td>2007</td>
<td>120,009</td>
<td>2,863,325</td>
<td>−162,002</td>
<td>74.0</td>
</tr>
<tr>
<td>2008</td>
<td>138,667</td>
<td>3,013,088</td>
<td>−410,047</td>
<td>33.8</td>
</tr>
<tr>
<td>2009b</td>
<td>108,055</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Estimated.


The administration was not open about the size of the deficit either. The administration routinely omitted from its calculation of the deficit emergency supplementals to pay for the wars in Iraq and Afghanistan and disasters. Most of these costs were reasonably predictable and could have been included in the regular budget. The administration inflated revenue estimates by counting inflation induced increases in the alternative minimum tax as if the revenue would be generated, although allowing the inflation increase to take effect was considered politically infeasible, and the increases were suspended each year. Year after year, Congress disregarded the Sustainable Growth Rate (SGR) formula that was supposed to limit Medicare reimbursement for physician services, but the Bush administration continued to budget as if the cost reduction in Medicare would occur. The result was an unrealistically low estimate of spending and hence of the deficit.

SOCIAL SECURITY AND MEDICARE REFORMS

The Bush administration made major proposals for reforming both Social Security and Medicare, but did not appreciably improve the financial condition of either one. The Social Security proposals were largely focused on investing part of the workers’ Social Security payments in private investment accounts. This policy might have reduced long-term obligations of the Social Security fund, but for the short- and medium term would greatly exacerbate the fund’s financial difficulties because the payments of current workers would be diverted from the Social Security Trust fund. To help balance the trust fund, the Bush administration proposed to reduce benefits especially for middle and upper income people; the administration refused to consider any kind of tax increase to help resolve Social Security’s funding problems. Congress did not vote on the privatization proposal, and opponents of increased taxation and supporters of continued benefits deadlocked, preventing a legislative solution.4

For Medicare, the Bush administration in 2003 proposed a new drug benefit, the cost of which made the financial situation of Medicare, already precarious, considerably more urgent. By partially privatizing the system, creating a plethora of independent providers, the program precluded the possibility of the national government negotiating with drug companies for the best rate.

The drug benefit was passed by Congress, but Republicans included an odd provision, called a soft trigger, that if program costs from tax sources (income taxes) were projected to exceed 45 percent for 2 years, the president was bound to propose a cost reduction or fee increase to resolve the situation, and Congress was required to consider those proposals.5 It was called a soft trigger because there was no automatic action, only a


requirement to propose action and to consider the proposal. This trigger essentially rules out the option of using income tax revenue to fix Medicare’s looming financial problems, making the solution more difficult to achieve.

What is odd about this trigger is that it does not deal with the financial condition of Medicare, but only the proportion of funding paid from taxes, especially income taxes as opposed to fees paid by individuals. According to some, the purpose was to gradually choke off Medicare. A somewhat more benign interpretation is that the intent was to curtail growth in Medicare and make it less like an entitlement and more like commercial insurance. In any case, Congress has been balky about actually obeying the requirement that it quickly consider whatever proposals the president makes to reduce Medicare’s dependence on income taxes.

MAXIMIZING EXECUTIVE CONTROL

A third characteristic of budgeting during the Bush administration was the continuous effort to maximize executive discretion over budget priorities. This theme was apparent in the administration’s reliance on emergency supplemental appropriations, in the growth of the “black” budget, and in centralized budget control over the departments and agencies.

Emergency Supplementals and Discretion

The Bush administration used Emergency Supplementals extensively, not just to make the deficit look smaller, but also to increase its budgetary discretion. The supplementals assured war funding with few constraints and little discussion on how the money would be spent. The Defense Department (DoD) has typically provided few details about how it planned to spend the money in emergency supplementals. The degree of vagueness may have reached a peak when the DoD put a $70 billion placeholder in the fiscal year 2009 budget to finance operations in Iraq; this placeholder did not include any details on how the money would be spent. Commentators of both the Left and Right began to call the supplementals “blank checks.”

Over time, nonemergency items were slipped into the emergency supplementals. In 2005, $5 billion of the $82 billion supplemental was for foreign policy efforts, including the construction of an embassy in Baghdad; another $5 billion was for reorganizing and equipping the army into smaller brigades, a plan announced in 2003, and thus neither an emergency nor unexpected.

Adding nonemergency items into the emergency supplemental was a matter of policy. Deputy Defense Secretary Gordon England issued a memo in 2006 encouraging the services to include in their emergency requests incremental costs related to the longer war


against terror. “War against terror” could include almost any defense expenditure. The new rule allowed the military services to request supplemental money to “restore and enhance combat capability” not only for the present war, but also for future missions. In the 2008 supplemental, billions of dollars were included for naval aircraft that would not be used immediately in the wars in Iraq and Afghanistan. Over $5 billion was included for basic military pay, neither unpredictable nor an emergency.8

After the administration expanded the definition of what could be included in an emergency supplemental, the size of supplemental appropriations grew substantially.

Secrecy and Discretion

The black or secret part of the budget includes two components, intelligence and weapons development and purchase. Any project put in the black budget is not only not subject to public scrutiny, it is also not easily discussed by Congress. The administration thus has nearly total discretion over spending in the black budget. After 9/11, this portion of the budget increased dramatically.

In 2009, black Research and Development (R and D) and weapons purchase costs were estimated at about $34 billion, up from 26 billion in 2005, an increase of 30 percent in only 4 years. The intelligence gathering costs in the black budget were estimated at $47.5 billion in 2008. Figures were not available for intelligence gathering costs earlier in the Bush administration, but were estimated at $26.7 billion in 1997, which means that there was an increase of 78 percent in this component of the black budget over 11 years.9 In 2008, secret weapons purchases were estimated at about 14.5 percent of the military procurement request, a figure that excludes secret purchases slipped into the supplemental appropriation for wars in Iraq and Afghanistan. Classified R and D was about 23 percent of total military R and D in 2008.

Not only have the amounts involved increased, but the level of secrecy within those totals has also increased. John Pike, a long-time observer of Defense spending, described that in the past, “he was able to decipher much of the black budget through careful research. But in recent years the Defense Department has put a lot more effort into keeping classified or ‘black’ programs truly secret.” Pike argued that keeping so much spending secret “diminished accountability.”10

---


Traditionally, money for CIA secret operations was placed in the Air Force’s weapons’ procurement budget. The Air Force’s classified weapons procurement jumped from $7 billion in 2001 to almost $11 billion in 2004. The public and most of Congress do not know what this money is being spent on, but observers guessed that some of it was going to programs that the administration was known to favor, such as missile defense and the development of hypersonic planes.\textsuperscript{11} Other spending was probably for expanding intelligence operations after 9/11.

There is a need to balance secrecy with democratic discussion and accountability, but in the aftermath of 9/11, there was little if any pressure to maintain a balance.

\textit{Centralized control over departments and agencies}

The pattern during the Bush years seems to have been one of centralized control over the agencies, with the exception of the DoD. The Defense Department was able to make appeals directly to Congress for its unfunded priorities, bypassing OMB.\textsuperscript{12}

Other than the DoD, the budget process was primarily top down during the Bush years, with little appeal, at least during the period in which Mitch Daniels headed OMB.

Next, Paul O’Neill, Cheney, Card, Daniels, and Larry Lindsey, Bush’s top economic adviser, huddled together in the West Wing, writing the budget, listening to agencies’ complaints, and finally reaching compromise. Daniels and the board were so persuasive that no cabinet secretary complained to the president . . .\textsuperscript{13}

Another indication of centralized control was the way in which A-76 competitive contracting was implemented during the Bush administration. Competitive contracting was a major element of the president’s management agenda; it was not a new policy, but an extension and intensification of A-76 guidelines on competitive contracting in prior administrations. The administration set targets for the number or percent of FTEs to be competed in each agency. OMB quietly threatened the agencies with FTE reductions and budget cuts in the outyears if they did not comply with administration targets with sufficient speed.\textsuperscript{14}


MINIMIZING CONGRESSIONAL AUTHORITY

The Bush administration frequently expressed its belief that Congress had little right to interfere with executive branch budgetary decisions or processes. The idea of the unitary executive, expressed in signing statements, meant that the White House did not have to report anything to Congress, that it did not have to ask for permission to move around money within an appropriation or to use the discretion granted by Congress in law, and that it did not have to demonstrate that it was following congressional guidance and intent.

Failure to Report to Congress

The administration prohibited an actuary in charge of estimating the costs of the proposed Medicare Part D (drug coverage) program to report those estimates to Congress while it was deliberating on the expanded drug benefit. Thomas Scully, then director of the Medicare Office, reportedly ordered the actuary to withhold the information, and told him he would be fired for insubordination if he failed to follow the order. Congress’s inability in this case to call on bureaucrats to provide cost estimates unless the request was approved by superiors came to symbolize the relationship between Congress and the president during the Bush administration.

The administration also claimed the right to prevent Inspectors General (IGs) from reporting to Congress. Congress passed a law saying no U.S. official shall prevent the Inspector General for the Coalition Provisional Authority in Iraq from carrying out his investigations and he should report any attempt directly to Congress. President Bush insisted in his signing statement that the Inspector General himself could not tell Congress anything without going through the President.

The Signing Statements

Rather than veto all of legislation in order to get rid of some portion he did not like, as required by the Constitution, President Bush signed the legislation, but marked those parts he had no intention of carrying out, because he claimed they were unconstitutional. President Bush used this device extensively as a kind of amendatory veto on a variety of

(footnote Continued)


legislation, including various budgetary measures including reprogramming constraints and directions for how money should be spent or accounted for. Toward the end of his administration, he issued a signing statement on a bill to give the IGs more independence. Congress instructed the president to include in his budget not only his recommendations for budget lines for the IGs but also the IGs’ requests, and if they differed substantially, to include an explanation for why. The president claimed this requirement violated his responsibility to prepare and present the budget.

The president made broad claims of power in these signing statements, often declaring that they violated the unitary executive, a term which does not appear in the constitution, and the meaning of which is vague. The president claimed an exclusive right to supervise his employees, without interference from Congress. He considered that requirements for transmittal of information to Congress violated his sole right to supervise his employees. Based on this argument, the arrangement by which Congress grants discretion to agencies to reprogram, requiring advance notice for major reprogrammings, is not permissible. President Bush rejected requirements for advanced notice to Congress, arguing that he would tell Congress after he had done something, but only to be nice, not because he had to.

The president invoked the Supreme Court case, *INS v. Chadha* whenever Congress required an executive agency to clear an action with a congressional committee before doing it, as if such clearance were equivalent to a new law passed by only a single committee. Congress has long granted the executive branch the ability to move money according to need, provided that certain requirements, often written into the law, were upheld. These requirements include that the object of the transfer or reprogramming not be something that Congress had previously denied, and that the object be a real unforeseen, higher priority spending requirement. The requirement for advance notice to Congress for major reprogrammings was aimed at ensuring that the requirements of the laws and the intent of Congress were being followed. The president objected to the requirement for advance notice, and implied requirement for congressional approval. The president’s claim that Congress cannot influence how flexibility will be used once granted represented a major increase of presidential budgeting power.

The president claimed that his role as commander in chief allowed him freedom to new start programs without congressional notification if warranted by national security. The president could do whatever he wanted within an appropriation, whether it was something the Congress had approved or not, as long he could claim it had something to do with national security.

The GAO did a study to see if presidential signing statements declaring presidential intent to ignore parts of a law influenced the behavior of the executive branch agencies, and found that in 9 of 29 cases examined (most of which were appropriations), the agencies did not comply with the law as written or had delayed their compliance. The GAO cautiously added that it could not prove that the lack of compliance was due to the presidential signing statement.\(^{17}\)

Rescission Powers

In March 2006, President Bush sent a draft bill entitled the “Legislative Line Item Veto Act of 2006” to Congress. As line-item vetoes have proven unconstitutional, this measure actually requested expedited rescission power, rather than a line item veto. Expedited rescission means the president could propose to revoke budget authority for particular items and Congress would be required to act quickly on the proposed withdrawal. The bill allowed expedited rescission for only a small number of minor tax expenditures, but covered expenditures broadly, allowed the president to put forward the same rescissions multiple times, forcing the Congress to act to reaffirm its decisions each time, and allowed the president to withhold spending for up to 180 days, even if Congress voted to reject the president’s request.

The bill was passed in the House, but died in the Senate. Opponents of the measure argued that it shifted power from the legislative to the executive branch, and was not likely to solve the deficit problem, which did not stem primarily from inflated line-item expenditures, but from unwillingness to cut programs or raise sufficient taxes to pay for them.18

The PART vs. GPRA: Competing Performance Budgeting Systems

Another indicator of the tension between the executive and legislative branches over budget power occurred in the realm of performance budgeting. In 1993, Congress passed and the president signed a performance measurement system called the Government Performance and Results Act (GPRA). GPRA was not intended nor was it used to compare across agencies, its information was often program specific. OMB officials considered its information informal and somewhat ad hoc. In any case, it was not widely used to inform budget decisions. To better integrate performance measurement with budget decisions, OMB devised the Program Assessment Rating Tool (PART), and added it on top of the legislatively based GPRA. The agencies were given scores on the basis of their answers to questions about their goals, performance measures, and the quality of their management. These scores were intended to feed into budgetary decision making.

According to two long-time OMB staff members, “The PART provides a formal analytic structure for OMB review of program performance for budget decision-making.”19 The extent to which PART evaluations actually influenced allocation decisions is not clear, however. Performance scores apparently influenced budget proposals less than the agencies’ missions.20

18. S. 2381, A Bill to Amend the Congressional Budget and Impoundment Control Act of 1974 to Provide Line Item Rescission Authority, Senate Hearing, Committee on the Budget, May 2, 2006.
To many observers, PART felt partisan, a way of substituting administration goals for congressional ones. For example, according to Beryl Radin, the PART process did not recognize the purpose, priorities, and program guidelines instituted in statute by Congress. Programs were penalized for following the will of Congress instead of measures like cost-effectiveness that OMB insisted upon. Radin concluded that in this way, PART replaced the intent of Congress with the priorities of the administration.21 The GAO pointed out that “By using the PART process to review and sometimes replace GPRA goals and measures, OMB is substituting its judgment for a wide range of stakeholder interests.”22

Congress began to see the PART scores as administration political priorities dressed up in performance measurement clothes and generally ignored them. Congressional dislike was so intense that the House appropriations subcommittee that funds Labor, Education and Health and Human Services voted to prohibit the use of PART in determining appropriations.23

While the PART evaluations were generally ignored by Congress, other elements of performance budgeting aggravated appropriators more intensely. Paul Posner, who for years headed the General Accountability Office’s budget section, observed, “The threat to Congress was more centrally what the Administration called performance budgeting itself—an attempt to change the agency’s justifications sent to appropriators by omitting certain schedules and recasting the presentations along the lines of the strategic objectives for each bureau. Although it was a good idea, it definitely was a stick in the eye of the appropriators. This is what really caused the fire storm on the Hill and was the single most egregious thing that aroused appropriators.”24

Campaign against Congressional Earmarks

In another assault on congressional budgetary powers, the Bush administration attacked congressional earmarks. Given the perceived importance of earmarks in Congress, not only to get legislation passed, but also for gaining popular support for reelection, legislators would be likely to view a presidential campaign against earmarks not only as an attack on the congressional power of the purse, but also on their political careers. That the president did not make any effort to control executive earmarks while engaging in a highly publicized campaign against congressional earmarks contributed to the resulting tension.

The administration allowed earmarks to grow for a number of years. In 2006, the
president renewed his push for a version of the line-item veto that would be constitu-
tional but would allow him to cut congressional earmarks from the budget. Cutting
earmarks would not balance the budget—they are too small a portion of the bud-
get—but expedited rescission powers (a presumably constitutional version of a line-item
veto) would allow the president to put pressure on legislators to pass whatever bill the
administration was backing. Failure to toe the administration line could result in loss of
earmarks, and putatively, the loss of future elections. Congress did not grant Bush the
expedited rescissions power that he sought.

After the Democrats took Congress in the fall of 2006, the White House increased its
campaign to reduce congressional earmarks. The president advocated the reduction of
congressional earmarks by half in January of 2007. OMB set up a data bank listing all
the earmarks in legislation for a base year, so it would be possible to see if the level of
earmarking was going down at the prescribed rate.

In January of 2008, the president issued executive order 13457, instructing the agen-
cies to ignore any legislative earmarks not placed in legislation passed by both houses of
Congress for his signature. If fully implemented, this executive order would nullify all the
informal communication between Congress and the agencies at hearings, and make
ineffective lists of projects or preferences embedded in committee reports. Since roughly
90 percent of earmarks have been in reports rather than legislation, if Congress did not
move the earmarks into legislation, this executive order would have the effect of elim-
inating most future earmarks, or giving the administration the choice of whether or not
to fund them. In his 2008 State of the Union speech, the president promised to veto any
appropriations bills that did not reduce earmarks by at least 50 percent.25

While this plan on the part of the Bush administration seemed to cover all the bases,
the prohibition did not address the earmarks in the present budget year, and Bush was
leaving office and would not have much opportunity to veto appropriations that had
earmarks in them for 2009. He did, however, have to deal with a continuing resolution as
Congress delayed on the appropriations until the new president was in place. This con-
tinuing resolution had about $5 billion of earmarks in it. OMB instructed the agencies to
fund these earmarks if they met particular criteria, such as having appeared in a law. If
the earmarks did not meet these criteria, the agency was instructed to decide on the merit
of the earmark and fund accordingly.26 On the one hand, this administrative position
gave the executive branch discretion over which congressional earmarks would be
funded, but on the other, the policy may have made relatively little difference, as the
agencies would continue to feel pressure from Congress to fund earmarks, as they had
before the president’s executive order.

26. Jason Miller, “OMB Tells Agencies How to Deal with Earmarks,” Federal News Radio, January 17,
2009.
Congress responded to the earmark publicity and public furor by working to control not just the number, but the quality and transparency of earmarks, through internal reforms, though many have argued the congressional earmark reforms did not go far enough. In addition, some congressional committees fought what they saw as one more encroachment on congressional powers. In retaliation, some congressional committees sought to control the president’s earmarks and reduce the flexibility Congress had granted to the president to impose his own priorities as needed. Part of this effort involved tightening up controls over reprogramming.

In House Report 110–240 on the Commerce, Justice, Science and Related Agencies’ appropriation for 2008, legislators described the administration’s practice of steering contracts to particular companies in a noncompetitive process, calling these contracts executive earmarking. The report noted that these contracts involved far more money than congressional earmarks. By implication, the authors of the committee report were saying to the president, if you publicize and cut our earmarks, we will make yours public and control them too.

In response to the president’s signing statements arguing that Congress had no right to require agencies to get advance permission for major reprogrammings, several subcommittees restated their requirements that agencies get advance permission for any reprogramming that represented a change in policy. In particular, Congress forbade agencies to reprogram for the purposes of contracting out without prior permission.

Committee members complained that some departments or agencies were violating the appropriations committee’s policy and procedures for handling reprogrammings. In language that echoed the wording of the president’s signing statements, Senate appropriations subcommittee members threatened:

> The reprogramming process is based on comity between the Appropriations Committee and the Executive Branch. The process is intended to provide flexibility to meet changing circumstances and emergency requirements of agencies. The process is intended to provide this flexibility while ensuring that Congressional intent is not disregarded. . . .

> In the absence of comity and respect for the prerogatives of the Appropriations Committee, and Congress in general, the Committee will have no choice but to severely restrict or eliminate reprogramming authority. Under these circumstances, programs, projects, and activities become strictly defined and the Executive Branch loses its ability to propose changes in the use of appropriated funds short of statutory change.27

**CONCLUSION**

This summary of budgeting during the administration of President George W. Bush emphasized the policies of the administration, the reactions of Congress, and some of the

---

consequences of those policies. The determination to reduce taxes, despite the resulting run up in the deficit, created a potentially embarrassing outcome, and hence led to the gimmicks that helped deny the relationship between tax cuts and deficits and obscured the size of the deficit. The emphasis on loyalty over expertise combined with the determination to increase the amount of contracting, often sole source contracting called executive earmarks by angry legislators, led to the erosion of oversight of those contracts. Determination to enhance executive powers to carry out policy preferences led to withholding information from Congress, the sometimes contorted interpretations in the signing statements, and other signs of increased tension with Congress.

One can agree or disagree with those presidential policies and draw different lines in terms of whether the president did or did not violate constitutional balance of powers, but what is less open to debate is that an increase of presidential power over budgeting did not result in either more open and accountable budgeting, or in a balanced budget. Giving more budget power to the executive is not, by itself, a reform.