It will not come as a surprise to anyone who reads this journal that the federal budget—indeed, federal budgeting—is a mess. The problems are both substantive and procedural. Barring some unforeseen and unprecedented event, fiscal year 2012, which will end on September 30th of this year, will represent the fourth consecutive year of deficits in excess of $1 trillion. Over this four-year period, more than $5 trillion has been added to the national debt, which will stand at more than $11 trillion (more than 70 percent of GDP) by the end of 2012. While much of this growth in debt can be traced to the most recent recession and attempts to address it, something will have to be done to address the chronic imbalance between taxes and spending.

The procedural story is not much better. In fact, the procedural challenges facing the budget predate the recent increase in the deficit. There are three main problems with the federal budget process as of 2012. First, appropriations legislation, necessary to fund 40 percent of the government on an annual basis, is chronically late. Second, and related, the budget resolution, designed to promote the setting of overall fiscal policy, has become an “optional” device, seemingly only enacted when broad consensus already exists on a path for the budget; there has been no budget resolution in 7 of the past 15 years. Third, the budget process, far from encouraging fiscal discipline, detracts from a responsible approach to budgeting, in part because of the dysfunction of the political system and partly because the appropriations process tends to focus on the provision of specific benefits to particular constituencies.

Both the magnitude of the problems, and past history, would indicate that these difficulties are not likely to disappear between now and the 2012 election. In fact, the campaign itself is unlikely to feature an illuminating debate concerning the future fiscal path that
the country will take. Instead, the campaign may make it more difficult to deal with the long-term problems that we face. One candidate may pledge not to raise taxes on the middle class; the other not to raise taxes on ANYONE. One candidate may pledge not to cut Social Security and Medicare; the other may pledge not to cut the defense budget. One may propose cutting domestic discretionary spending; the other may argue that such cuts would cripple necessary investments.

In this context, Public Budgeting & Finance decided that it was time to publish a symposium on the current challenges facing the federal budget. The timing of this is not an accident. We are facing an election where the federal budget is an important topic of debate, and—regardless of the quality of the electoral discussion—the next president will probably be unable to avoid coming to grips with the reality of a budget that is structurally unbalanced.

In this context, we are fortunate to have been able to line up some of the top scholars and past participants in federal budget debates, who generously agreed to share with our community their work on the most important issues facing the federal budget.

The first article, by Professor John Palmer and Dr. Rudy Penner, documents the current challenges facing the budget, and summarizes recommendations made by key commissions that have been brought together to recommend solutions to this chronic problem. Professor Palmer, of the Maxwell School at Syracuse University, and Dr. Penner, of the Urban Institute, are no strangers to federal budget debates. During the 1980s, Palmer analyzed the Reagan budgets while at the Urban Institute, and Penner was the second director of the Congressional Budget Office. In 2010, they served as cochairs of the Commission on the Nation’s Fiscal Future, which was among the first groups to document the problem facing the country and to recommend possible solutions. In their article, they bring us up to date on the current state of the problem, document the proposals made by the major commissions appointed to recommend solutions, and analyze the response of the political system to these proposals.

In the second article, Paul Posner and Matthew Sommerfeld discuss the steps taken by other countries to respond to fiscal crises. Professor Posner, currently head of the Department of Public Administration at George Mason University, is a long-standing scholar of federal budgeting dating from his 30 years at the Government Accountability Office. He is also past president of the American Society for Public Administration. Posner and Sommerfeld summarize the steps taken by several other Organization for Economic Cooperation and Development (OECD) countries, including the adoption of fiscal rules, in response to structural deficit problems. He provides some observations concerning what the United States might learn from these experiences.

Finally, we have two perspectives on the budget process, from two long-time participants and observers of federal budgeting. In September of 2011, the House Budget Committee held hearings on reforms to the budget process, inviting witnesses to comment on what effects budget process reforms might have on the larger fiscal problems facing the country, as well as the operations of the process. It is not surprising that two of the invitees were Alice Rivlin of the Brookings Institution and Jim Nussle of the Nussle Group. Rivlin and Nussle
are almost unique in having participated in the budget process from high-level vantage points in both the executive and legislative branches. Both were directors of the Office of Management and Budget (Rivlin in the Clinton administration, and Nussle for George W. Bush). Rivlin was, in addition, the founding director of the Congressional Budget Office, and Nussle was Chairman of the House Budget Committee from 2001 to 2007. We reprint their testimony here, and note that the two offer remarkably similar advice to the Congress, and that both are skeptical of the ability of the budget process to get us out of the mess we are in. Having said that, each one suggests some ways that the process might be made more functional.

We hope that readers of the symposium—students, scholars, and practitioners—will find these papers illuminating. If we are to confront the fiscal problem that faces us, issues and solutions such as the ones raised by these articles will be at the center of these debates.