

A NOTE TO READERS

Once in a long time, an established publication presents itself in a new format, and the occasion requires an explanation to readers grown accustomed to the old form. The President's 2003 Budget represents such a change.

The first differences you may notice are merely presentational, all aimed at enhancing readability. This budget attempts to simplify information, to reduce the use of jargon, and to illustrate its contentions more liberally with charts, tables, and real-life examples. Color and photographs appear for the first time.

But these changes are incidental compared to a fundamental difference in emphasis. The President's Budget for 2003 seeks to inaugurate an era of accountability in the conduct of the nation's public business. It takes the first step toward reporting to taxpayers on the relative effectiveness of the thousands of purposes on which their money is spent. It commences the overdue process of seriously linking program performance to future spending levels. It asks not merely "How much?"; it endeavors to explain "How well?"

These changes have been called for by good government advocates for decades. A 1949 commission headed by the 31st President, Herbert Hoover, first introduced the term "performance-based budgeting." Subsequent Presidents launched efforts to get better results from government. During the 1990s, the Congress passed several statutes aimed at enhancing government's attention to performance. The Government Performance and Results Act (GPRA) in 1993 directed the executive branch to undertake the measurement of effectiveness and to reflect the answers in budget choices. As Senator John Glenn said several years later, "The ultimate goal of GPRA is to use program performance information to guide resource allocation decisions. I repeat that. Use program performance information to guide resource allocation decisions. That is the important connect."

In an initial and admittedly exploratory way, this document responds to these longstanding demands, proposing to reinforce provably strong programs, and to redirect funds in many cases from programs that demonstrably fail, or cannot offer evidence of success.

Real scrutiny of results and real accountability in government were long overdue, in any case. But they are absolutely essential at a time when national security requirements mandate significant new spending. Defeating international terrorism and defending Americans in our homeland are imperative duties of the federal government, above and beyond all its other activities. We must provide for these increases and fund other necessary programs without letting total spending rise unacceptably. We must demand proof of value from programs of lesser priority.

The information on which program ratings are based is far from perfect, and some conclusions may prove erroneous over time. The Administration invites a spirited discussion and welcomes additional data, as well as suggestions about how to measure performance better throughout the federal government.

Bringing accountability to government goes beyond performance-based budgeting. President Bush has ordered that his appointees take responsibility for improving the day-to-day management of the government with which they are entrusted.

To that end, the President directed the creation of a reform agenda, aimed at attacking the worst shortcomings of the government he inherited. This budget includes the first agency report cards, assessing the starting point of each department in these problem areas. Reports on the progress of each agency in improving from these baselines will be provided regularly to the President and to the public.

Finally, the 2003 Budget parts ways with Washington's six year experiment with 10 year forecasting. Previous budgets' attempts to look out a decade in the future have varied wildly from year to year. But 2001 showed finally how unreliable and ultimately futile such estimates are.

The economic slowdown was already well underway, but its severity could not be known when the last budget was transmitted. The tragic events of September 11th ensured that the downturn became a recession, and added the inescapable new spending requirements of a two-front war. Unemployment rolls at home rose at the same time that long-neglected military needs required attention to begin what will be an ongoing campaign against terror.

Revised economics alone knocked 30 percent from the hoped-for 10 year surplus. Recognizing the uncertainty of long-term projections, the Administration in its 2002 Budget had set aside \$1 trillion, or 18 percent, of the estimated surplus as a contingency reserve, but even this precaution was not enough to cover the drop in forecasted revenue caused by the poor economy.

For continuity purposes, the 2003 Budget updates 10 year estimates at the overall level, but puts the appropriate focus on five year figures. Beginning with this budget, agency totals and supporting details are projected for the five years that the law requires.

Taken together, the above changes produce a very different sort of budget, one the Administration hopes will inform its readers in new ways, while broadening the healthy debate that always attends this document. Going forward, let the question we debate be not just "What will the federal government spend?" but also "What will the federal government achieve?"