eight regions saw budget increases, on average, of three percent. Washington officials insist that the reduction had nothing to do with the pilot, and Region 9 Budget Coordinator Gilbert Churchill concedes that officials in his region can’t prove the contrary, but says, “Our perception is that the region paid a price for the experiment that was going on.”

It was a problem Region 9 administrators believed was endemic to having different groups of budget people in the agency playing by different rules. For instance, early on in the project, Region 9 decided to divert an estimated 20 to 25 percent of its road maintenance budget to other things—most notably, special use permits to the public, a budget item that was perennially underfunded, according to Regional Forester Butch Marita, the top Region 9 administrator. The reaction of the Forest Service staff in Washington was to reduce Region 9’s road maintenance allocation the following year and give more road maintenance dollars to the other regions. In itself, this made sense—especially since, according to Marita, the Forest Service was lobbying for additional road maintenance dollars from Congress and did not want it to appear that the need for such dollars in the field was dwindling. However, the Washington office did not make commensurate increases in other areas of Region 9’s budget. This, Marita speculates, was probably because the Washington office was organized along “functional” lines. (See Exhibit 2.) Thus, different administrators oversaw the distribution of specific funds to all nine regions, but no one looked at the overall funding of a single region in an “integrated” fashion. “Within the region, we were re-programming from one area to another, indicating we would rather have received less money in road maintenance and more some place else. But we were not sending any message that we needed less money in total,” says Marita. (In this case, Region 9 administrators protested insistently over a period of several years, and eventually saw a chunk of this money restored.)

There were other sources of tension, as well, between Region 9 and Washington. “We ran into lots of problems with people in Washington not wanting Region 9 to do what it was authorized to do under the pilot,” says Marita. And there were gray areas; it was not always clear whether certain rules and regulations applied to the region or not. The Washington office, meanwhile, complained that Region 9 administrators were sometimes uncooperative and not good “team players.” And, at agency wide budget meetings, Churchill says, Washington budget officials made pointed and “unfriendly” remarks about Region 9’s “differences” vis-a-vis the rest of the Forest Service.

The View from Washington

Members of the Washington budget team insist that they were neither unfair to Region 9 nor philosophically hostile to the basic goals of the Big Bucket. At the same time, these officials had extensive dealings with the staff to the House and Senate Appropriation Subcommittees and were painfully aware of the fact that the Forest Service faced significant credibility problems on the Hill.

For one thing, the Forest Service had a reputation for being “loose” in keeping track of its regional budgets. One of the things that particularly galled the Appropriations Subcommittees was the brazen way that Forest Service field supervisors resorted to “creative financing.” This meant that, through assorted budgeting tricks, field supervisors shifted money from one budget category to another without using the reprogramming mechanism, and without ever reporting accurately back to Congress about how
they had actually spent the money ("charged-as-worked," in the parlance of the Appropriations Committees). "They've basically admitted in hearings before us that people in the field don't charge-as-worked, and therefore, the budget is kind of a meaningless document," says one committee staffer. In the mid-1980s, the House Appropriations Subcommittee formally rebuked the Forest Service and directed the agency to do a better job of charging-as-worked in the future.

Regional and local foresters tended to shrug off such complaints. Gilbert Churchill summarizes the attitude of many field personnel: "We're forced to do the things that we feel we've got to do, and to cheat to do them," he says. "I think that's probably a feeling that most of these district rangers or forest supervisors would articulate for you." To the Forest Service budget team in Washington, however, the creative accounting of its field staff led the agency to hover perennially on the edge of being financially out of control—and sometimes it slipped over the edge. In 1988, the agency overspent its overall National Forest System Account (half the $3.9 billion Forest Service budget) by about $5 million. Though this was a small overdraft, relative to the whole appropriation, any overdraft is "an extremely serious thing," says Forest Service Budget Director Steven Satterfield—an offense "people can go to jail" for. No one in the Forest Service went to jail over the 1988 overdraft, but Satterfield, who had come to the Forest Service from OMB that year, says the incident was "sort of a wake up call to the agency as a whole," flagging the dangers of operating with too little local budget accountability, given the legal responsibilities of the agency to meet its budget.

Another thing that worried Satterfield was the odd compromise that the Forest Service had struck in deciding how to meet Congressional intent. For all federal agencies, there was an unresolved constitutional question about whether they were, in fact, required by law only to stay within the bottom-line allocations of the appropriations bills or whether they also had to adhere to the guidelines spelled out in the Appropriations Subcommittee reports. Since, in reality, executive agencies had little interest in irritating the Appropriations Subcommittees, most had, as a "matter of comity," come up with a workable compromise, according to Satterfield: the agencies tried to follow the guidelines in the committee reports, so as not to incur the wrath of Senators and Representatives, and the committees, in turn, tended to be flexible in the case of minor transgressions. Each subcommittee also had some latitude in establishing a workable set of groundrules with the agencies under its purview.

The Forest Service, however, had come up with a policy to hold itself—and its field personnel—responsible for meeting the budget levels of the 10 overarching budget line items (BLIs) in the National Forest System Account, but did not hold itself or its field staff responsible to meet the more detailed breakdown of the budget report into 30 "expanded budget line items" (EBLIs). It was an odd arrangement, Satterfield says, which had been in place many years by the time he arrived at the agency. The Congressional Appropriations Subcommittees did not officially approve of this policy, taking the position that the agency was responsible to meet all 30 EBLIs. But, explains Satterfield, it was not the kind of thing the committee staffers were likely to focus on—unless some kind of budget controversy arose.
A Budget Controversy Arises

From Congress’s point of view, the ins and outs of the Forest Service budget maneuverings were inextricably bound up with a question about the agency’s mission. During the previous 20 years, the orientation of the Forest Service had become a matter of increasingly contentious political debate—as environmentalists urged the agency to do a better job of protecting and preserving wilderness areas. A particular point of contention was the Forest Service’s extensive timber program. Over the years, the Forest Service had constructed thousands of miles of roads in forests all across the country to permit access to trees for timber sales on federal lands. The agency used money it derived from timber sales to fund many of its other operations. In addition, the Forest Service timber program provided a raft of jobs and crucial income to a number of small, rural counties across the country. But environmentalists charged that the timber and related road-building programs were destroying the fragile biodiversity of the country’s remaining forest areas. What’s more, they argued, the terrain of the national forests was generally ill-suited for timber cutting to begin with. Plenty of timber was available from privately owned woods and tree farms, they claimed, and there was no need to continue providing costly “pork barrel” subsidies to the timber industry. (The fate of the endangered spotted owl in the Pacific Northwest became a cause célèbre in the environmentalists’ campaign to save wilderness areas from the timber program in the early 1990s.)

Battles over the appropriate mission of the Forest Service were waged in and around the Congressional budget-making process. Special interests such as the timber lobby and the environmental groups tried to tug the Forest Service in their direction by advocating for increases in particular line items. Between 1988 and 1992, for example, there were a number of victories for recreation buffs, including a 75 percent increase in recreation funding, a 137 percent increase in fish and wildlife funding, and a 50 percent reduction in annual timber sales offered. Environmentalists, meanwhile, lobbied for increases in the Forest Service’s relatively small “wilderness management” budget. Not one to look a gift horse in the mouth, the Forest Service encouraged these efforts. Agency administrators indicated in Congressional budget hearings that the Forest Service would, in fact, be able to do a much better job of wilderness preservation with more money. From 1988 to 1991, the wilderness budget increased by almost 80 percent from $12.6 million to $22.6 million.

However in 1991, wilderness activists discovered that the lion’s share of these new wilderness dollars were not, in fact, being spent on wilderness management. According to a 1991 GAO report, 37 percent of all wilderness dollars from 1988 to 1990 were diverted to other areas. (According to Forest Service officials, the size of the diversion was overstated because of some reporting technicalities. They conceded, however, that a sizable chunk of the wilderness money was spent on recreation projects: fixing up campgrounds, cleaning out toilets, etc.)

When the diversion of funds came to light, the Forest Service “didn’t have a leg to stand on” before Congress, Satterfield says. A committee staffer concurs:

There was just no way that they could get around the fact that they were the ones that came before Congress and essentially said, “We need more wilderness money. We don’t have enough.
"What if we could start over?" (A)

We’re not doing the right job.” And then when Congress responds, specifically, and puts money in that particular line item ... they went out and spent it in other ways. That was what made it so blatant, I think.

In technical terms, “wilderness management” money was one of the 30 expanded budget line items (EBLI’s) in the National Forest System Account, and fell under the larger category of “recreation” money, one of the 10 budget line items (BLI’s). No administrator from the Washington office made a point to convey to regional administrators the particular Congressional intent in wilderness spending. And because the Forest Service held its regional personnel responsible for meeting the BLI’s, but not the EBLI’s, forest supervisors had felt well within their rights to transfer money from the wilderness management account into other recreation accounts. “It wasn’t that the field did wrong,” says Satterfield. “They didn’t do wrong. They’d been doing exactly what they were expected to do. I think it surprised us a little bit that there was that much variance, but we hadn’t held them accountable to the expanded budget line item, so I’ve never felt that we had much room to criticize the field.”

After a flurry of communications between assorted Congressional committees and the agency, Forest Service Chief Robertson became convinced that in the eyes of Congress, the credibility of the agency was on the line. “All you have in this town is credibility,” he adds. “You guard it and hold it real close.” He expected to be called to account for the diversion of wilderness dollars to other functions, especially by Rep. Bruce Vento, chair of the Subcommittee on National Parks and Public Lands of the Committee on Interior and Insular Affairs, who had been the prime champion of increases in the Forest Service’s wilderness appropriation. Robertson had to decide how to respond to Vento should he receive a public dressing down from the Congressman.
“What If We Could Start Over?”

The US Forest Service Champions “Bottom-up” Management (B)

Rep. Bruce Vento, chair of the Subcommittee on National Parks and Public Lands of the Committee on Interior and Insular Affairs, did, in fact, call Forest Chief Dale Robertson to ask for diversion of wilderness preservation funds to other Forest Service projects. “I know Vento felt betrayed,” Robertson says. “I would have felt the same in his place. ... He started in on me and I just apologized. [I said,] ‘I know we made a big, dumb mistake—and I’m sorry.’” Robertson also made Vento a promise: “I said it wouldn’t happen again.”

The Congressional Appropriations Committees were less than completely forgiving of the transgression. They responded with an official slap on the wrist: instead of earmarking money for wilderness management in the usual way—in the committee report—Congress earmarked funds for wilderness management in the 1992 Appropriations Act itself, thus making it a criminal matter for the Forest Service to spend this money on anything else.

Robertson, meanwhile, had to decide how to act on his promise to Vento. How could he make sure the forests, districts, and regions of the Forest Service complied with Congressional intent? And could he do so without imposing the same top-down regulations that he had been trying to eliminate in his pilot project?

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1 Title of a Forest Service brochure about the pilot project. (Undated.)

This case was written by Pamela Varley for Pete Zimmerman, Associate Dean of the Kennedy School, and Michael Barzelay, Assistant Professor of Public Management. (0394)

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"What if we could start over?"¹
The US Forest Service Champions "Bottom-Up" Management (C)

After the "wilderness management" debacle of 1991, Forest Service Chief Dale Robertson and his Washington budget staff promised Congress that the agency would henceforth hold itself and its field units responsible to keep their spending in line with the 30 expanded budget line items (EBLIs) in the Appropriations Subcommittee reports, not just the 10 overarching budget line items (BLIs). Across the Forest Service, wilderness spending increased the next year to the appropriate level, and by 1993, the Congressional Appropriations Committees were sufficiently mollified to remove particular reference to wilderness management dollars from the language of the Appropriations Act.

Against this backdrop of generally reduced local budget authority in the Forest Service, the "Big Bucket" experiment in Region 9 began to look more and more anomalous. No one blamed Big Bucket, per se, for the under spending of wilderness dollars—Region 9 had underspent its wilderness allocation, but by no more than any other Forest Service region. But the Washington budget team believed strongly that the agency as a whole had to become much stricter about following the instructions in the annual Appropriations Subcommittee reports—and the philosophy of the Big Bucket was directly at odds with this goal. Indeed, the Region 9 budget officers had been so determined to give their forest supervisors a sense of fiscal freedom that they had never sent them a copy of the initial budget line items. Thus, in Region 9, forest supervisors had not even been aware that the "wilderness management" line item had been increased in the late 1980s and early 1990s.

After the 1991 wilderness fiasco, Region 9 moved swiftly to change this particular feature of the Big Bucket. From this point onward, all forest supervisors in the region received a copy of the expanded budget line items along with their allocation. They could still freely shift money from item to item, but they did so with an awareness of the potential political ramifications. The region called this new reform of the Big Bucket "informed empowerment."

¹ Title of a Forest Service brochure about the pilot project. (Undated.)

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To the Washington budget staff, however, “informed empowerment” did not go far enough. A 1991 Forest Service study indicated that—despite apparent gains in productivity, efficiency, and morale—the Big Bucket had failed to provide the Region with a mechanism for complying with Congressional intent. Thus, the Washington and Region 9 offices agreed to continue the pilot for three years under the new name “Responsive Budgeting.” Under the revised pilot, Region 9 kept its authority for pre-approved reprogramming, but was required to document the reasons for any shifts made. The objective was to document the need for flexibility and to justify an increase in reprogramming authority for the Forest Service nationwide.

In the end, however, the two sides could never agree on the ground rules. The Region wanted to retain the initial Big Bucket emphasis on performance goals and targets, so that forest supervisors could still feel free to shift money from one budget account to another if they had met the performance targets associated with the first account. The Washington office—arguing that in reality, no one in Congress regarded the targets as a serious measure of Congressional intent—wanted to use the Responsive Budgeting initiative to develop some agency-wide standards for pre-approved reprogramming that essentially mirrored the standards of the Appropriations Subcommittees in granting reprogramming requests. “We finally said, ‘You’ve got it screwed down so tight, we can’t do anything anymore. It ain’t worth it—plus all the flak your people give us,’” says Regional Forester Marita. “We said, ‘Take it away.’” In March 1993, the Forest Service officially ended Region 9’s Big Bucket experiment.

Meanwhile, Forest Service Chief Robertson had also asked the Washington and Region 9 budget teams to come up with a way to pilot another budget idea: replacing functional budget line items—soil and water, timber management, recreation, etc.—with forest-by-forest line items. Robertson liked this idea for several reasons. For one, it would provide each forest with a great deal of flexibility. If it were expanded nationwide, it would also change the nature of Forest Service budget battles. Instead of lobbying in Washington for or against specific, programmatic budget line items, special interest groups would need to regroup and direct their lobbying efforts at their local forests. Robertson envisioned a new situation in which Senators and Congressional representatives would increasingly identify with the forests in their own districts, and would want to make sure that they were not shortchanged vis-a-vis other forests.

Region 9 was enthusiastic about the idea, but Robertson’s own Washington budget office was more skeptical. “I’ve had some doubts in my mind that we could ever convince the Congress to do this,” says Budget Director Steven Satterfield. “They care about—how much is timber? How much is recreation? How much is wildlife? and so on, because that’s where their mind-set is, that’s where their interest groups and their constituencies are. Why they would agree to a lump for a forest and give the agency total discretion ... I’d like it if they would, but I have a hard time seeing that they’re likely to.” At the least, Satterfield and his colleagues believed the idea was complicated and controversial enough that it would require extensive planning work before it could be piloted anywhere.

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2 Because the Big Bucket was not designed in accordance with rigorous empirical study methods—with baselines and controls, for example—Satterfield says it was never possible to verify these gains conclusively.
Robertson and his budget staff, however, both stressed that even though the Big Bucket was gone and the forest-by-forest budget idea was on hold, the Forest Service had not given up on the idea of local budget flexibility. "We were not on a track that was going to make us successful," says Robertson. "We still have it in the back of our mind. We're just looking for other tracks to run this train on."

One promising possibility, in the view of the Washington budget team, was wrapped up with the popular new concept of "ecosystems management," an integrated, cross-disciplinary approach to land management. Many members of Congress were enthusiastic about the idea, and most recognized that it would be impossible for the Forest Service to implement it without taking a more integrated approach to the agency's budget, as well. The budget team in Forest Service headquarters said they hoped that, gradually, enthusiasm for ecosystems management would allow the agency to give its regions and forest supervisors the flexibility they were craving—without pitting them against the Congressional Appropriations Committees in the process.

Post script

In autumn of 1993, the new administration of Pres. Bill Clinton decided to replace Chief Robertson and his associate chief, George Leonard. The move was widely seen as a victory for environmentalists, who had been highly critical of Robertson for years.