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Capping Entitlements: Budget Rules and the Food Stamp Program

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ABSTRACT

The paper examines three forms of budgetary rule applied to the food stamp program – discretion, entitlement, and expenditure caps. The different budget rules are modeled with respect to their reversion point, the outcome that prevails by default if no cooperative agreement is reached. Hypotheses concerning budgetary politics and policy are derived from the models and tested using historical data from one arena over time. The case study is relevant to the broader problem of welfare spending. The dilemma is how to reconcile budget protection needed for the impoverished against the fragmentation and fluctuations of routine political conflict, and budget integration needed for democratic deliberation regarding the multiple tasks of government. Entitlement status insures program benefits for qualifying households, but it also carves off a portion of total outlays declared to be relatively uncontrollable, outside of the annual mechanisms of review and adjustment. Discretionary budgeting, by contrast, incorporates welfare within ordinary collective decision-making that establishes priorities across competing claimants for public funds, but it also risks making the poor in society victims of their own vulnerability. Expenditure caps have recently been proposed as a solution to the dilemma, allowing outlays to grow automatically up to a given threshold but requiring conscious choice if they threaten to breach the threshold. Caps are celebrated by proponents as an instrument fostering enhanced managerial oversight and reasonable expenditure control. This study of the food stamp program, however, reveals that caps are more likely to engender procedural complexities and substantive policy bias. Moreover, these are logical and foreseeable results, easily deduced from the models of budgetary rule.

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1 The Policy Dilemma

Social welfare in most advanced industrial nations occupies an ambiguous conceptual space somewhere between a right and a kindness. In the United States, for example, there is no constitutional guarantee to a minimum subsistence income, although some have sought to assert such a right based on the federal government's obligation to advance the public good and insure individual life and liberty. Welfare, nevertheless, cannot be considered simply as a gift from society to the needy, given at the option of the donor. Access to benefits, under most existing U.S. welfare programs, is guaranteed by the authorizing legislation and thus cannot be limited, qualified, or denied on the basis of inadequate funding. By implication, entitlement in the U.S. has become an essential budgetary concept. The federal government is formally required to provide money sufficient for all eligible and enrolled persons to satisfy their claims up to the level specified by law. Welfare programs under entitlement rules are thus classified as 'mandatory spending' and are exempted from the annual procedures for appropriation and review.

As a matter of public policy, budgeting entitlements represents an inherent tension. Budgeting is fundamental to democratic choice. Its subject is the total amount allocated to public sector projects and the relative priorities established among them. Its politics are intended to produce acceptable collective decisions across competing goals and claimants. Entitlement, by contrast, entails a limit to political discretion by awarding special status to particular programs and populations. The dilemma is how to reconcile, on the one hand, budget protection for the impoverished against the fragmentation and fluctuations of ordinary political conflict, and on the other hand, budget integration for democratic deliberation regarding the multiple tasks of government.

From the perspective of individual living standards, entitlement status insures program benefits for designated households. The authorizing legislation can always be changed, of course, but that requires a motion approved by majorities in both chambers of Congress and accepted by the president. Inaction cannot threaten recipient benefits, nor can the vagaries of annual appropriations. From the perspective of aggregate budgeting, however, entitlement status carves off a section of total outlays and establishes them as relatively uncontrollable, outside of the regular mechanisms of oversight and adjustment. Primacy to a part reduces flexibility for the whole. It establishes an essential asymmetry among the different projects of government and constrains the options policy-makers have available. Ironically, entitled individuals are declared privileged by virtue of their presumed vulnerability.

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Underlying the policy debate today is the question, how far should this privilege extend, and whether the financial circumstances of government provide sufficient grounds for restricting it.

In recent years, as America has become immersed in budget pessimism, the concept of entitlement has come to be portrayed more as a collective fetter than as an individual bulwark. There has been more concern regarding its constraints upon policy adaptation, compared to its value as a barrier against economic deprivation. Virtually across the ideological spectrum, budget control has become a salient issue. In this effort, Congress has begun experimenting with procedural reforms to improve legislative supervision over welfare items which otherwise are capable of growing automatically.

One instrument often proposed as a means of budget control is some form of strict ceiling that caps permissible appropriations. Ostensibly, budget caps allow for incremental program expansion but, unless expressly overridden, prohibit expenditures greater than anticipated. Ideally, they are an incentive for administrators to promote savings and avoid waste in order to insure full benefits to qualified recipients. In less than ideal situations when sufficient administrative savings cannot be found, the cap procedures would push legislators to confront the tradeoff between individual claimants and aggregate costs, to make a choice, and to justify it.

General entitlement caps were recommended by Democrats in the House Budget Committee in 1991. Caps for most means-tested welfare programs were endorsed by the House Republican Conference as part of its 1994 'Contract with America.' President Bush proposed spending caps for all welfare entitlements except social security in his budget submission of January 1992. President Clinton contemplated a cap on medical costs as part of his health care package in 1993. The Bipartisan Commission on Entitlement and Tax Reform developed a cap option, recommended in its chairmen's report, that limited spending increases to the change in consumer prices and total population. A number of different entitlement cap versions were considered seriously during the welfare and budget reform debates of the 104th Congress. Although none ultimately were enacted into law, such proposals remain on the policy agenda and will most likely return to active consideration if ever the prospects for deficit reduction appear in jeopardy.

For the purposes of empirical study, it is important to note that a quite stringent form of expenditure cap once existed for the food stamp program, which between FY 1978 and FY 1990 had a fixed ceiling imposed by Congress that limited the maximum appropriation for any given fiscal year. The actual experiences of the food stamp program provide the data for this paper. Equally, however, the data will help to

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establish the plausibility of an analytic framework believed to have broader relevance. Methodologically, abstract models permit us to derive hypotheses regarding the effect of various rules upon actor strategies and policy results. Changes in rules within a single political arena enable us to test these hypotheses empirically, altering the decision-making structure while holding the underlying context relatively constant. The food stamp program has operated, at different times, under discretionary, entitlement and capped budget arrangements (see Appendix for a detailed chronology). These three forms of budget rule will be modeled and their practical consequences upon food stamp politics and policy examined.

2 *Three Forms of Budget Rule*

The three distinct forms of budgetary rule applied to the food stamp program – discretion, entitlement, and expenditure caps – differ primarily with respect to their 'reversion point,' the outcome that will prevail by default if no cooperative agreement is reached. A shift in the reversion point should alter the strategies of the players in the political game over welfare budgeting and thus the probable results from play. This section will briefly introduce and contrast the three kinds of budget rule, as preparation for the more formal analysis to follow.

According to the Congressional Budget and Impoundment Act of 1974 [U.S Statutes 1974, 88: 318], entitlement is defined by the necessity 'to make payments (including loans and grants), the budget authority for which is not provided for in advance by appropriation Acts, to any person or government if, under the provisions of the law containing such authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by such law.' The Budget Act therefore establishes four basic criteria for an entitlement. First, the benefit involves payment in money or in services which could be purchased for money. Second, the benefit is vested by the authority of statutory language and by the official regulations governing the implementation of the statute. Third, each beneficiary must be certified to receive the benefit by meeting specified legal requirements. Fourth, the beneficiary cannot be denied and the benefit cannot be altered by discretionary budget choice. Often the annual appropriations process is bypassed completely. Yet even for those entitlements requiring enacted appropriations, such as the food stamp program, the relevant committees must provide funds adequate to meet all legitimate claims and thus they must comply via supplemental action if the initial amount proves insufficient.

A program granted entitlement status does not necessarily exper-

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ience faster expenditure growth than a comparable discretionary program. Entitlement does signify a commitment to maintain spending over time, but many discretionary programs also operate on the assumption of long-term obligation. A certain degree of insulation is created for programs divorced from the budget cycle's insistence on annual inspection and review, yet entitlements must be considered only relatively uncontrollable because the laws and regulations authorizing program operations can always be revised. Entitlement status does not necessarily protect a program against spending cuts, especially given the increased use of omnibus reconciliation bills. In technical budget language, the policies commonly known as entitlements are termed 'mandatory' or more recently 'direct' expenditures, implying that they are perfectly normal parts of the government repertoire differentiated solely by the method through which annual spending is determined. That differentiation, however, can be quite important in both symbol and substance to the portion of U.S. households identified as especially needy and deserving of aid.

A fundamental premise for this study is the association between rules and results. Politics, of course, involves far more than institutionalized rules. There are many enduring behavioral patterns not formalized by rules. The existence of a formal rule does not necessarily inhibit change. In public policy – especially in budgetary policy – even when outcomes are completely open to discretionary choice, inertia predominates over innovation [Rose and Davies 1994]. Nevertheless, rules certainly matter, affecting the conduct and content of political play. Under ordinary budget rules, the total for government spending and all of the components within it are entirely subject to annual democratic deliberation and decision-making, which remains a potential although legislators often do not utilize the full range of their opportunity. Entitlement, by contrast, gives added protection to a particular program against the possible threat from legislative interference, removing jurisdiction over entailed spending from the appropriations process. The importance of this rule can be seen in the controversies over the establishment of entitlement status and and the frequent attempts to restrain it.

Welfare under discretionary budgeting implies a philosophy of public charity, in which the gift-giver does not have to yield more than it wishes. Welfare as entitlement entails a commitment to satisfy all legitimate claims and the necessity to adapt annual spending for external effects such as inflation, unemployment, demography, and the number of qualified persons who apply for benefits. Under discretion, the appropriations process is the initiator. For entitlements, the appropriations process, if involved at all, is the responder. Under discretion, program

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changes result from the adjustment in spending allowances. For entitlement, spending changes result from the adjustment in program requirements. Under discretion, the annual appropriation establishes a fixed limit for permissible outlays. For entitlement, the itemized appropriation is merely an estimate of projected costs, given prevailing eligibility and benefit rules. Thus program expenditures under entitlement status, as Shep Melnick observed, cannot be consciously chosen and narrowly enforced, because they 'result from millions of individual eligibility determinations' [Melnick 1985: 42].

Nevertheless, when budget discipline appears low and deficit fears run high, it is logical to seek greater control over the relatively uncontrollable. Welfare entitlements will often feel the pressure. Hesitant to retreat explicitly from policy commitments already made, mainstream politicians become tempted by procedural mechanisms that promise to protect the truly needy yet also to improve program supervision, contain costs, and force reasonable tradeoffs among spending priorities. Expenditure caps, that allow outlays to increase but only up to a given threshold, are an obvious attempt to help reconcile specific benefit promises and aggregate fiscal management. Caps can exist in many possible variants. Common to all of them, however, is the use of a fiscal trigger to force the integration of otherwise automatic spending into the budget process.

According to proponents, the cap mechanism is intended to enhance legislative oversight and responsible decision-making. Cap procedures compel political attention by their crude threat of benefit reductions whenever annual program costs exceed prior expectations. Under the food stamp caps, for example, the Secretary of Agriculture was instructed to report to Congress by the middle of each month whether there was any reason to anticipate excess spending demand for the remainder of the fiscal year. Not less than 60 days after the issuance of a monthly report indicating a predicted insufficiency of funds, the Secretary was to notify the States to reduce household allotments by the requisite amounts, submitting to the congressional agriculture committees an explanation of the manner by which allotments were being reduced [*Senate Report* 1979, 96–236: 19]. Every time during this period when food stamp spending threatened to breach the cap, the Secretary of Agriculture would propose simple, across-the-board percentage reductions in monthly household benefits.

The extensive lag between an official prediction of funding insufficiency and the obligation to reduce outlays is a fundamental aspect of any cap mechanism. It allows for a wide range of effective policy responses. Possibly, administrative reforms can be introduced that generate needed savings yet leave benefits untouched. Possibly, legislators

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will decide that the priority given to welfare assistance is sufficiently high to justify cap overrides, despite the impact on debt, taxes, or competing programs. Possibly, legislators will accept entitlement benefit reductions but will try to apportion the costs equitably across recipients, altering eligibility or allotment rules rather than acquiesce to across-the-board cuts. Possibly, legislators will accede to the mandatory cuts imposed by the expenditure cap. The substantive response to welfare spending that breaches the cap threshold is entirely a matter of political selection. Yet the option that will prevail if legislators fail to reach agreement is mechanistic and indiscriminate cost reduction, as dictated by the cap formula previously enacted. The food stamp budget caps were in fact never invoked. Proponents assert however that, without such a looming threat, politicians would not willingly confront difficult tradeoffs and establish a clear preference.

In a sense, expenditure caps occupy a middle budgetary position between entitlement and discretionary rules. Up to the cap threshold, program funding operates in entitlement fashion; all qualified recipients receive benefits at the full level of their eligibility. Above the cap threshold, program funding operates in discretionary fashion; unless legislative agreement occurs to override the cap, no additional funds can be expended, regardless of individual need or policy intent. On the other hand, budget caps are usually defended as an attempt to transcend the perceived limitations of both entitlement and discretionary rules. The gain from entitlement is the protection given to needy beneficiaries, but the cost is that programs then sit outside the purview of ordinary, annual legislative supervision and thus government spending can accelerate automatically under changing economic conditions. The gain from discretion is regular public scrutiny of program value, but the cost is that the politically weak and vulnerable traditionally sit outside the halls of power and thus can suffer deprivation automatically under changing economic conditions. In both cases, there is the assumption that problems arise – whether fiscal or social – as a result of the disregard and drift that so often characterizes American politics. The cap solution, allegedly, would force the inherent dilemmas of welfare budgeting onto the active agenda and thus help institutionalize deliberation and conscious choice. Skeptics, by contrast, fear the complexity and distortions that additional procedures might impose upon decisions.

From this discussion, it should be noted that budgeting under discretionary rules, entitlement rules, and expenditure caps differs critically in those situations when no political agreement is reached. The reversion point is the outcome that occurs by default. Without explicit change, policy reverts back to the status quo. Yet the location of that

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status quo is different under the three alternative types of budget rule. Under ordinary budgeting, all expenditures are fully discretionary. An act of Congress is required to appropriate funds for public purposes. The absence of agreement, therefore, means that no spending is permitted. The reversion point is zero. One might expect a program to protect its base and receive a fair share of any increment, but neither the base nor the increment are guaranteed.

By contrast, entitlement rules legitimate expenditures independent of appropriations agreement. Qualified recipients have claim to the full allotment of benefits established by law. Spending therefore proceeds at a cost sufficient to comply with legal requirements. The reversion point is defined by the number of eligible households who apply for benefits and the level of their determined need. This indicates a distinction between a spending increment mandated under existing law and a spending increment that goes beyond the requirments of existing law. Under entitlement, the base and the former type of increment are guaranteed while the latter type of increment is contingent upon positive enactment.

Finally, an expenditure cap is a combined form of rule which satisfies recipient claims and permits spending to rise accordingly, but only to the level of some specified maximum. If outlays threaten to exceed the threshold, allotments must be reduced and/or enrollments curtailed unless the cap is expressly overridden by legislative action. Absent Congressional agreement to change, the reversion point thus exists at the cap threshold. In essence, a further distinction is introduced within the mandated increment. The base and that share of the mandated increment up to the cap limit are guaranteed; the remainder of any otherwise mandated increment plus all further cost increases from policy change are not.

Quite obviously, the different budget rules lead to very different expenditure outcomes in the absence of explicit policy agreement. In addition, they often lead to different strategies by political actors and to different policy outcomes even when agreement is achieved. Politicians can be expected to understand the prevailing context for collective choice and to act rationally within that context. Predictably, the fact that a particular outcome can occur by reversion affects the kinds of compromises various players would find acceptable. This in turn affects the demands they would make and their abilities to realize those demands. A shift in reversion point, through backward induction, thus alters the logic of game bargaining and the expected solution from strategic play. The implications of this simple observation will be explored in two distinct ways – first with respect to actors divided institutionally and then with respect to actors divided ideologically.

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Although each will be presented separately, their impact upon actual events is necessarily combined.

3 Institutional Dynamics

Regarding institutions, the U.S. Constitution gives to the legislative branch principal power over the purse. Since the Budget and Accounting Act of 1921, however, the president has become responsible for preparing and submitting to Congress each year a detailed and comprehensive budget proposal for revenues and expenditures. The consequence is a sequential process of budget decision-making, based on presidential initiation and congressional response, which requires effective agreement in order for the federal government to maintain operations. The question to be asked regarding welfare spending is whether or not the actors will play honestly – whether the budget proposal from the president and/or the budget approved by Congress reflect good-intentioned estimates of the expected cost from normal program implementation, or whether they are intentionally inaccurate. The incentives to honesty vary with the different forms of budget rule.

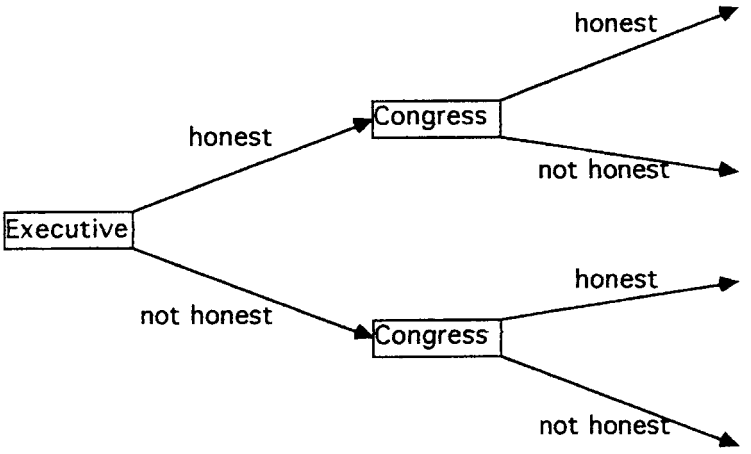
First, assume a welfare program that depends for its funds entirely on discretionary budgeting. Assume further that there is no essential ideological controversy between the president and Congress with respect to this program and there are no applicable spending or deficit limits to constrain political choice. The agency administering the program has no incentive to underestimate costs, as this would risk harmful cuts or require a supplemental appropriation to make up the deficiency. The agency might even seek to overestimate costs, in order to finance program expansion and provide protection against unanticipated contingencies. Yet the president, acting through the budget office, would try to limit such aggressive behavior to preserve control over the executive branch and insure sound management over fiscal policy. The congressional appropriations committees calculate similarly. They can see unnecessary program risk from underestimation and undesirable political maneuvering in overestimation. Given generalized support for program goals, the appropriations committees should tend to be honest, striving to keep spending in line with perceived needs and allowing for reasonable growth over time.

Relative honesty in discretionary budgeting is reinforced by repetition. Although each program is subject to appropriations review each year, the required effort and attendant uncertainty leads legislators toward abbreviated calculations. As Wildavsky has shown, budget struggles usually occur at the margins, and thus growth under normal conditions occurs incrementally. The success of incremental budgeting,

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SEQUENTIAL DECISION TREE



HYPOTHESIZED POLITICAL PLAY

BUDGET RULE	AGENCY	PRESIDENT	CONGRESS
Discretion (FY 1965-71)	Overestimate	Overestimate	Honest
Entitlement (FY 1972-77, 1991--)	Honest	Underestimate	Honest or Underestimate
Spending Cap (FY 1978-90)	Honest	Usually Honest	Underestimate

FIGURE 1: *Institutional budget game*

however, depends on continued confidence. An agency that systematically makes impractical requests or submits unreliable data clearly risks congressional retribution; a committee that appropriates imprudently invites agency deception. Ironically, the range and uncertainties of discretionary budgeting itself facilitates strategic behavior intended to reinforce stable institutional bargaining and reasoned accommodation [Wildavsky 1964; 1988].

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This was roughly the situation that existed regarding the food stamp program during the latter years of its formative period. Food stamps, as a welfare program inserted into the agricultural arena, initially were unwelcome both to the USDA and to the relevant committees in Congress. It survived largely due to the logrolling coalitions constructed by liberal supporters. Yet by the early 1970's, the program had gained substantial legitimacy although its growth was dependent on the annual discretionary funds made available. Gradually, as the food stamp program achieved national scope, the technical task of estimating spending needs came to dominate over agricultural sector efforts at forestallment, and the level of budget honesty increased. The Nixon administration requested and Congress granted incremental increases each year during this period, and both watched carefully when actual costs differed from forecasts. For example, in 1972 the Assistant Secretary of Agriculture appeared before a Senate committee to explain why outlays for the previous year had fallen short of appropriations, resulting in impoundment of the excess. There was no deliberate withholding of funds, he asserted, but rather a difficulty in accurately predicting program obligations given fluctuating economic conditions, the implementation of new regulations, and the uncertain pace of program expansion into new communities. Even the best econometric estimates would contain errors [Select Committee, Senate 1972: 619–20]. The difficulty of accurate forecasts, plus the growing belief that all deserving individuals should be guaranteed the full level of their benefits contributed to mounting political pressures for an open-ended budget rule. As of FY 1972, the food stamp program was granted entitlement status.

Returning to the theoretical argument, assume next that a welfare program is suddenly and completely protected by entitlement rules. Although, by stipulation, there is little inherent ideological controversy over program goals, there nevertheless exist structural incentives for institutional division. The administering agency now has no reason to overestimate costs, because net expenditures are determined externally by the number of eligible recipients and the scope of program operations is fixed by the authorizing legislation. The president, for parallel reasons, has a strong incentive to underestimate costs. Whether to demonstrate apparent fiscal restraint or to find room in a tight budget for desired discretionary programs, the administration can gain by adopting low spending estimates for welfare entitlements. Importantly, there are no penalties from such dishonesty. Eligible recipients are insured full benefits and thus all obligatory costs eventually must be met.

For the food stamp program during the four years of open-ended budget authority, FY 1974–1977, five different supplemental appropri-

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ations were required. Presidents Nixon and then Ford found that the attack on runaway food entitlements fit well with their campaign simultaneously to castigate liberals and reduce inflationary deficits. Quite consciously, their budget requests were not sufficient to satisfy spending obligations under prevailing law. The most common technique was to base estimates on food prices at the time of submission, ignoring the impact of mandatory semi-annual corrections. For example, both the House and Senate Appropriations Committee reports for FY 1976 termed the administration's request 'grossly and obviously inadequate.' Both criticized the administration for its lack of honesty and cooperation while noting the legal necessity to adequately fund the program. 'While this action has the outward appearance of holding down bill totals, it will not have any real effect on total federal spending' [*House Report* 1975, 94–346: 67; *Senate Report* 1975, 94–292: 5, 75].

Congressional strategy is similarly dictated by the existence of entitlement protections. For those welfare programs that do not require appropriations action, Congress is free to be a complicitor in systematic cost underestimation. It will simply appear in the end-of-year accounting that expenditures far exceeded expectations. For those welfare programs that do require appropriations action, the political costs of raising the president's budget totals must be weighed against the institutional costs of making corrections later through supplemental legislation. With the food stamp program, for its pure entitlement phase during the middle 1970's, Congress sometimes responded to presidential underestimation by adopting a more plausible set of outlay estimates and sometimes it responded with part-year appropriations intended to force supplemental requests from the president. In the first case, Congress was willing to accept the onus of honesty, while in the second it sought to maneuver the onus back to the administration. Either way, the dollar outcome was predetermined by the level of program need. Under entitlement rules, budgetary posturing and position-taking can proceed with complete safety because the reversion point establishes a fixed and fully adequate result.

Last, imagine the same popular welfare program under expenditure-cap budget rules. Now there is a strong incentive for Congress systematically to underestimate expenditures while the executive branch faces more uncertainty. The administration can still gain by making the program budget artificially appear small, but only if the mandatory excess falls beneath the cap threshold. It would not wish to surprise the nation, deep into the fiscal year, when program spending suddenly threatens to surpass the cap. Either the cap must explicitly be overridden and appropriations raised, or otherwise worthy recipients will have their

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benefits arbitrarily reduced. In either case, the administration should fear the political backlash. Thus the administration's anticipated value from budget underestimation depends largely on the allowance permitted any eventual overage. The higher the risk that the cap threshold might be breached, the greater the probability that it will play with honesty.

Regardless of the president's request, Congress systematically should prefer underestimation, to provide grounds for continuing intervention into program operations. Especially during tight budget times, legislators would welcome expanded opportunities for oversight and review, enhancing control not just by the appropriations committees but by the authorizing committees as well. With the reversion point looming, Congress can hold hearings, chastise lax administrators, display its concern about profligate spending with taxpayers' money, and loudly condemn waste, fraud, and error. It can then with good conscience take the necessary emergency steps to save the program and protect the interests of legitimate beneficiaries. By forcing action through the cap mechanism, Congress can make a visible demonstration on behalf of efficiency and prudence and it can also take credit for supporting needy claimants, which is akin to having one's cake and eating it too. The expected result, even when there is complete ideological support for the program across institutions, is a repetitive pattern of crisis legislation and supplemental appropriations, in which politicians intentionally respond to an initial under-allocation of funds merely by revising the total rather than by addressing its causes [Wlezien 1993]. The main dangers from such a complicated procedure come from the delay of ordinary legislative business, from the appearance of uncontrollability which brings the program into disrespect, and from the expanded leverage which the prospect of benefit cut-offs gives to players willing to use brinkmanship tactics.

This captures the experience of the food stamp program during its period of tight budget caps, during the late 1970's and early 1980's. The budget caps enacted in 1977 were expected to be adequate for normal program growth over the four fiscal years, FY 1978–81, based on the income characteristics of recipient households, expected food price inflation, and trends in utilization. By the middle of FY 1979, the cap thresholds were obsolete and irrelevant. Each year during this period, substantial corrections were required to protect the allotments of qualified program beneficiaries. This entailed, each year, three different emergency enactments – to the budget resolution, the authorizing legislation, and appropriations – involving six different committees and considerable procedural wrangling.

The Carter administration chose to play honestly, notifying Congress

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of each pending financial crisis in the food stamp program, supplying the most accurate estimates possible, and even recommending that the caps be suspended in order to avoid the repetition of similar crises. As Agriculture Secretary Bergland wrote to Chairman Whitten, 'the alternatives that face us are stark indeed. If insufficient funds are provided, we will need to cut benefits on a pro rata basis for all food stamp recipients. We have already directed all States to reprogram their computers so that these pro rata reductions can be instituted if necessary. I am sure you understand the consequences in terms of human suffering that would accompany such an action' [*House Report* 1979, 96–274: 19].

Congress did not respond with similar honesty. Despite complaints about the lengthy cap override process, legislators effectively insured that the process would be repeated annually. As part of the FY 1979 cap override, the conference committee explicitly refused to revise and update the caps for the remaining years of the food stamp authorization. As part of the FY 1980 override, the conference committee raised the cap for FY 1981 but not enough to meet expected needs. Consistently, congressional moderates and conservatives united to defeat proposals to make the caps flexible given changing macroeconomic conditions. Unwilling to abandon the new instrument of oversight and control, they instead chose to tolerate institutional complexity and to underestimate future obligations as a means of insuring themselves an active annual role in food stamp expenditure decisions.

That active role produced a series of last-minute scrambles to provide sufficient funds. It also engendered a number of minor program reforms which promised to save money and improve management. Predictably, legislators confronted by 'unanticipated' and 'excessive' cost pressures would be tempted to tinker with program operations and rules. In 1980, for example, the House Agriculture Committee added 15 new regulatory provisions, including improved computer matching of records, photo identification cards for recipients, a new system of penalties and incentives for error reduction, and intensive financial audits. It also proposed cutting costs by shifting indexing periods, lowering the asset limit, and imposing new prohibitions against aliens and students. It was not clear whether such repeated legislative tinkering was at all valuable, as each change in program rules had to be accompanied by a 'plethora of new regulations which must be incorporated in handbooks, manuals, and most troublesome of all, instilled in the conduct of tens of thousands of State and local certification workers' [*House Report* 1980, 96–788: 23]. Moreover, Congress found itself each time vulnerable to the appeals of organized lobbies. For instance, in 1980 the House Agriculture Committee added costly provisions grant-

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ing additional deductions for the elderly, blind, and disabled, and for households with high child-care expenses.

Ideological feuds dominated food stamp politics during the first years of the Reagan administration, yet later the issue became less salient and budgeting more routine. Substantive cuts in benefits and beneficiaries and more leeway under the spending cap, especially after the 1985 reauthorization, meant there was much less probability that program obligations would surpass the legislated maximum. With the caps appearing more symbolic than threatening, food stamp budgeting resumed an entitlement-like pattern. The Reagan administration systematically underestimated annual costs, incorporating into its estimates program savings that had no chance of enactment. Congress sometimes reacted honestly and revised the appropriation total, and sometimes it acted dishonestly by appropriating funds for less than a full year, adopting president's submission amount but forcing him to return with a request for a supplemental. Eventually, budgeters tired of the game. With the arrival of the Bush administration, the USDA was simply requesting 'such sums as may be necessary' to insure sufficient program support [*House Document* 1990, 101–76].

The expenditure cap was eliminated and food stamps returned to full entitlement status in the 1990 reauthorization act. Importantly, once fiscal concerns intensified, the Bush administration could not then resist reviving the pattern of presidential cost underestimation so tempting under entitlement budgeting rules. For FY 1991, Bush requested $100 million less than for FY 1990 despite evidence of rising food stamp utilization and approaching recession. Congressional honesty plus a further supplemental appropriation resulted, by the end of the year, in food stamp spending nearly 25% greater than the president's original submission. For FY 1993, Bush requested less funding than for FY 1992 but then added a multi-billion dollar cushion to protect against economic uncertainty. The first figure was clearly too low but gave the appearance of fiscal restraint. The second figure was clearly too high but protected the administration against charges of callousness. Both were helpful in an election year. Because food stamp spending, now restored to entitlement status, was mandatory up to the level of need, such minor political maneuvers could proceed without consequence or concern.

The lesson from this brief history is quite clear – the fewer the consequences, the more opportunity for aggressive political play. Under discretionary budgeting, the consequences are substantial because the failure to reach agreement has direct effects upon program operations. Under entitlement budgeting, the consequences from aggressive play are virtually zero, permitting such budget gimmicks as intentional pres-

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idential underestimates and intentional congressional part-year appropriations before adequate funding eventually is provided. Budget caps occupy a somewhat in-between position, with more consequences from political play than entitlements but fewer than discretion. One might hope that it would produce the best of both worlds – regular legislative supervision over program operations to promote efficiency, and conscious action to override the cap threshold and insure recipient benefits to the degree justified. It might equally produce the worst of both worlds – continual threats to legitimate benefits from legislatively engineered and recurrent crises, and repeated tinkering interventions into program operations alongside costly concessions to favored constituents. Advocates for budget caps often celebrate the opportunity for reasoned behavior associated with the former alternative. Experience with the food stamp program suggests that the actual result more probably will reflect the latter.

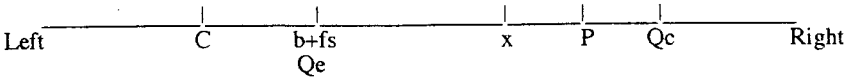
4. Ideological Dynamics

The other political dynamic inherent to the character of the budget rule concerns ideological rather than institutional differences among the key actors. The discussion above assumed, somewhat artificially, generalized support for the welfare program facing budget choice; the object here is to introduce intense partisan controversy into the calculation. Imagine a one-dimensional linear map ranging from the ideological left to the ideological right. Each actor has single preferred policy location on the map, reflecting the spending outcome desired for the welfare program under consideration. The further the distance between some given point and an actor's preferred location, the greater the actor's utility loss if that point is chosen as the ultimate policy outcome. Any two points equidistant from an actor's ideal location, by stipulation, involve the same net utility loss and thus lie on the same indifference curve. The actor has no preference between them, but will always favor a point closer to his ideal location. For simplicity of presentation, Figure 2 posits only two stylized actors, a relatively liberal Congress (C) and a relatively conservative president (P), each operating rationally and with perfect information. The ideologically preferred position of Congress is determined by the conference committee report acceptable to the median voter in both chambers. The ideologically preferred position of the president is determined by the annual budget request. In the model, both C and P remain constant regardless of the budgetary rule adopted. What changes is the reversion point (Q), with implications for political play and policy outcomes.

As before, first assume a welfare program operating under a discre-

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ONE-DIMENSIONAL ISSUE SPACE



Index:
C = Congressional Median
P = Presidential Position
b+fs = base plus fair share (discretionary budgeting)
Qe = reversion point (entitlement)
Qc = reversion point (budget cap)
x = Presidential indifference point (budget cap)

HYPOTHESIZED POLITICAL PLAY

BUDGET RULE	EXPENDITURE DECISIONS	REVERSION POINT	PREDICTED OUTCOME
Discretion (FY 1965-71)	Annual	Zero (expectation is base + fair share)	C . . . P
Entitlement (FY 1972-77, 1991--)	None Required	Qe (determined by recipient need)	Qe
Spending Cap (FY 1978-90)	Only if spending breaches the cap (Qc< Qe)	Qc (determined by authorizing statute)	breach cap: x . . . P within cap: Qe

FIGURE 2: *Ideological budget game*

tionary budget rule. Normal budgeting practice creates an outcome expectation, founded upon the base spending level from the previous year (b) plus a fair share (fs) of any increment in total government spending. The liberal Congress prefers even more spending, an outcome to the left of expectation [C > (b + fs)], whereas the conservative president prefers less spending, an outcome to the right of expectation [P < (b + fs)]. Nevertheless, base plus fair share is not a reversion point. Under the American political system of separated institutions sharing power, the failure to reach agreement means that no spending

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at all occurs, a position so far to the right that it is extremely distant from the ideal location for both actors. The policy result from bargaining should occur anywhere in the space from C through P. If Congress can attach the appropriation for this welfare program to a veto-proof omnibus spending bill, it can enforce outcome C. If the president has use of a line-item veto, he can enforce outcome P. Between them is the area of potential compromise. Base plus fair share provides a convenient rule-of-thumb intended to minimize potential conflict, but it has no formal priority and thus the actual result within the bargaining space depends entirely on relative power, commitment, and tactics.

Next, assume that the program is given entitlement status. Spending is now determined by statutory provision and is affected by the number of qualified individuals and the extent of their need. It can be estimated for budget-making purposes from the previous year's outlay, adjusted for changing demographic and macroeconomic conditions. This establishes the reversion point for entitlement spending (Qe), which prevails, given fixed program regulations, independently of actor budget preferences. For ease of comparison, assume that the location of Qe under the entitlement budget rule is identical to the location of expectation (b + fs) had the discretionary budget rule been maintained. Congress is again to the left and thus would prefer granting a somewhat higher level of payments to a somewhat larger pool of recipients, reforming the authorizing legislation to raise spending above Qe. The president is again to the right, and thus would prefer legislative reforms to contract the program and reduce spending below Qe. However, unlike before, there is only one rational outcome in the entitlement case, exactly at the reversion point. Congress will refuse to cooperate with proposed legislative changes to the right of Qe because it can obtain a preferable outcome simply by default. The president, conversely, will veto any proposed legislative changes to the left of Qe because he equally can obtain a preferable outcome by default. Consequently, there is no room for negotiation. In fact, because the reversion point occurs automatically in situations of non-cooperation, each side is free to trumpet loudly its own ideal ideological position without the least hint of concession or compromise. The equilibrium outcome, maximizing under the circumstances to both parties, will be enforced regardless of apparent political intransigence.

Finally, assume the imposition of an expenditure cap at a spending level below that which would occur under entitlement rules alone, insuring that the cap will be breached if no remedial action is taken. The cap establishes a new reversion point (Qc) to the right of Qe and even further to the right of C. The president in this illustration,

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although resolutely opposed to the current level of guaranteed benefits, is not completely antagonistic to welfare spending and thus would not always welcome sudden and across-the-board reductions to otherwise qualified claimants if during the course of the fiscal year outlays threatened to exceed previously stipulated limits [C>Qe>P>Qc]. In this game, the liberal Congress cannot enforce Qe simply by non-cooperation, but rather faces Qc which is a far distance from its preferred position. By contrast, the conservative president is in a more advantageous spot. By definition, there is a point (x) an equal distance from P as Qc, lying on the same indifference curve. The president would allow the reversion point, Qc, to occur by default rather than agree to an outcome to the left of x, yet he would instead prefer any point on the line segment between x and Qc, whether to the left or the right of P. This determines the space for strategic bargaining, since Congress would accept any outcome to the left of Qc and the president would reject any outcome to the left of x. Within that space, Congress would strive for a result as close to x as possible, which is its maximizing point under existing conditions; the president would strive for a result closer to P. Unlike under entitlement rules, there is a high probability that the budget-cap game will be solved by an explicit agreement, as there are many potential cooperative outcomes that dominate the reversion point occurring from non-cooperation.

The dynamic of ideological play inherent to the various forms of budget rule will again be illustrated using the food stamp program. Ideological conflicts under discretionary rule beset the program during its earliest years, as it was gradually transformed from a small demonstration project into a major nutrition supplement present in virtually every county in America. During this period of initial growth, as Agriculture Secretary Freeman noted, the scope of the program 'would be governed by the size of the annual appropriation' [Committee on Agriculture, House 1963: 16], yet the size of that annual appropriation was always a matter of contention. Food stamp legislation was passed initially and survived subsequently only as a result of 'mutual hostage taking' between urban and rural Democrats in Congress [Weaver 1988: 101; Ripley 1969; Ferejohn 1986]. There were yearly struggles over the food stamp budget and over substantive program rules which affected the budget, in which nutrition advocates regularly endangered commodity subsidies in order to guarantee support from the relevant agriculture committees and protection in conference. Slowly the balance of power shifted in favor of the advocates, helped by a series of media exposés regarding hunger and malnutrition in America. Nevertheless, the budget base was hardly secure and every increment required a battle. This was especially true once Vietnam War finance transformed President Johnson into a fiscal conservative.

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The FY 1969 supplemental appropriation was typical of the ideological dynamic under discretion – the agriculture committees reported a slight increase in the maximum permissible spending authority; liberal insurgents promised to challenge the report on the House floor; the president, angry about the threat to his budget plan, prohibited anyone in the administration from giving encouragement to the insurgents; the insurgents triumphed, 227–172, raising permissible spending authority in order to facilitate faster program expansion to more counties; the conference committee cut the total back considerably; the appropriations committees then approved outlays for less than total authority but higher than the amount recommended by the original supplemental proposal. As a consequence of such legislative wrangling, the amount of available funds for the food stamp program in any given year was uncertain. Advocates, acting rationally and strategically, sought an escape from micro-budgeting controls [Meyers 1994], which they achieved through the introduction of open-ended, entitlement authority starting with FY 1972. Looking in retrospect, the strategy appears quite wise, as the coalition that finally succeeded in promoting food stamp program development despite discretionary rules proved transitory and its power temporary [Hansen 1991].

The ideological dynamic of entitlement budgeting is characterized by conflict without compromise. The reversion outcome at Qe, guaranteed regardless of the preferred position of the contending forces, is also the equilibrium policy outcome. Knowledge of this fact allows actors on both sides to freely express their dissatisfaction. The point is illustrated in two different ways by the food stamp experience during the Ford presidency. First, it was in the interest of both liberals and conservatives to scream that the reversion point was artificially set at an improper level. Liberals contended that the administration was not expanding the program fast enough to all localities across the U.S. and had adopted excessively tight regulatory procedures that kept deserving individuals off the rolls, thus shifting Qe to the right of its natural position. Conservatives and the Ford administration instead argued that extensive fraud and abuse were adding undeserving individuals to the rolls, thus shifting Qe to left of natural. For instance, Treasury Secretary William Simon charged that the food stamp program was 'spinning out of control' and said that it had become 'a well-known haven for chiselers and rip-off artists.' The president instructed his Domestic Council that 'the top priority . . . right now is to find ways to tighten up on the Food Stamp Program,' and he repeatedly demanded action, in both public and private statements, to curb abuse and reduce costs [Berry 1984: 81; Jones 1975]. The attacks, exaggerated because there were no consequences from exaggeration, struck a

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responsive chord in public opinion and made it seem axiomatic that something had to be done to restore credibility to the food stamp program.

Second, both ideological sides advanced new policy proposals intended to move the location of the reversion point. The main item of contention was the purchase requirement, the amount of money which eligible households had to pay in cash in order to receive their monthly allotment of stamps. Liberals urged complete repeal of the purchase requirement and suggested instead a system by which the USDA would provide stamps only for the amount of a household's food budget to be subsidized under the prevailing law. According to proponents, elimination of the purchase requirement would have only a minor impact on nutrition but would remove a major deterrent against participation by legitimate beneficiaries who could not each month come up with the lump-sum cash advance necessary to buy their stamps. Conservatives, by contrast, argued that elimination would fundamentally sever the link between government support and food purchases by needy households, transforming the program more into a general income maintenance arrangement. They proposed instead a uniform 30% purchase requirement for all recipients, to replace the existing and complicated system of sliding payment scales and itemized deductions from gross income. Neither side to the ideological controversy, in the context of divided party government, had any expectation of legislative success. Twice President Ford sought to impose his position by administrative decree, but these did not survive court challenge. As a result of guaranteed stalemate, both sides freely played the political game of rhetoric, symbols, and public posturing. Impossible to change and impossible to escape, the entitlement reversion point dominated food stamp politics and policy during the Ford era.

Ideological politics under budget caps are exemplified by the food stamp experience during the first few Reagan years. The caps had been imposed to monitor costs once the purchase requirement was repealed under unified Democratic control of the government. The legislation covered four fiscal years, FY 1978–1981, entailing that new program authorization was required and new cap thresholds would have to be constructed for FY 1982 onward, this time under conditions of divided partisan control. From the perspective of the conservative Reagan administration, the cap system provided a useful bargaining weapon to help move the reversion point further from the congressional median and closer to its own preferred position. No major player actively wished to enforce the cap, with its arbitrary and across-the-board cost reductions. Yet the administration did assert, clearly and emphatically, that it would insist upon stringent thresholds and might not hesitate to

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apply them unless food stamp reforms brought spending within an acceptable range. It therefore recommended dollar ceilings through FY 1985 that reflected a series of substantive cuts in eligibility and improvements in management. Moreover, as Richard Lyng, Deputy Secretary of Agriculture, told the House Agriculture Committee, 'If sufficient funds are not available to provide the established benefit levels to all participating households, then benefits may be reduced to insure we remain within the appropriation' [Committee on Agriculture, House 1981: 534]. In this effort, the administration was aided by Jesse Helms, the new chairman of the Senate Agriculture Committee, who was committed to keeping food stamp expenditures down: 'As far as I am concerned, these should be the final figures. If the Administration foresees that the cost of the program will exceed the appropriations, it should implement section 18(b), that calls for reductions in benefits in order to remain within overall spending limits' [*Senate Report* 1981, 97–128: 172].

From the perspective of food stamp advocates, the threat of the reversion point helped compel them to play rightward, within the terms of the president's conservative agenda. They might have tried to use the Democratic majority in the House to keep program rules relatively unchanged, yielding to Reagan only on the issue of more stringent caps. This would copy past practice, by establishing eligibility and benefit rules at a variance from maximum expenditure thresholds, assuming that Congress and the administration would agree eventually to supply all additional funds through emergency action. Yet the president's announced resolve made this a risky strategy to follow. He could always use the threat of the reversion point, Qc, to force conservative reforms up to the location indicated by x. The best remaining option was to minimize the president's bargaining power by devising a broad compromise with Republican moderates regarding programmatic savings, hoping first that the president would accede and then that economic conditions would not cause too great a deviation of actual from predicted spending. This compromise was constructed in the Senate Agriculture Committee. In exchange for protecting certain benefits for the elderly and poorest households, the committee sliced deeply into food stamp spending but achieved a sizable percentage of these cost reductions by means of indexing delays rather than by substantive restrictions or permanent freezes.

The unexpected complication was the onset of recession. Food stamp expenditures would be much higher than anticipated, leading the Reagan administration to seek further budget cuts yet reducing the willingness of Congress to yield them. Amid mounting cost uncertainty, the conference committee decided late in 1981 to reauthorize the food

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stamp program only for FY 1982, with adequate spending caps for that year while delaying longer-run decisions until the next session. By mid 1982, with elections on the horizon, moderates in both the House and Senate were willing to give the president only a small portion of the further program savings he desired. Budget caps through FY 1985 were enacted based on these provisions plus a set of economic projections for a cautious but sustained recovery. Reagan accepted the package as the best he could achieve under the circumstances, but he regularly called for further substantive revisions and incorporated these dishonestly into his annual appropriation requests. Equilibrium then depended upon the progress of economic recovery and the savings anticipated from the enacted program cuts. If either deviated from forecast, food stamp spending again would commence to exceed the caps. The president would regain the political advantage and might well insist on sweeping changes in order to escape the reversion point. Fortunately, the food stamp spending allowances proved sufficient and thus no override was required during the entire reauthorization period (although there was a considerable scare in FY 1983). The ultimate political test – whether the Reagan administration would strictly enforce the existing caps, acquiesce to high spending under emergency conditions, or use a looming cap threat to compel more of its conservative agenda – therefore never materialized.

In 1985, Congress reauthorized the food stamp program for another five years, through FY 1990. The budget environment had changed considerably since the previous reauthorization. Liberal protests had raised public concern about the extent of hunger and homelessness in America. After a series of defeats, the Reagan administration had little on its food stamp agenda. Most importantly, as aggregate budget pressures increased, Congress was pushed to evaluate the seriousness of its commitment to the cap mechanism. In a sense, caps are the embodiment of wishful thinking. They express the desire that current spending fears will in the future somehow dissipate or that a satisfactory programmatic solution will emerge if ever the need for correction occurs. This belief is easiest to maintain when the dollar amounts are small and the reform focus is upon fraud and waste. Mechanistic spending restraints are less palatable when they augur painful sacrifices to organized or sympathetic constituencies in exchange for the uncertain hope of diffuse public gain. By the 1985 reauthorization bill, the existence of food stamp caps had become more symbolic and less enforceable. The bill therefore provided somewhat more room between forecast expenditures and the budget thresholds established for each year, and the committee reports in both House and Senate noted with approval that Congress had in the past always acted to preserve the integrity of recipient benefits when funding crisis threatened.

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By 1990 and the next scheduled program reauthorization, food stamp budget caps had lost even perceived political value. The caps, said Catherine Bertini, Assistant Secretary of Agriculture for the Bush administration, 'threaten to interrupt the flow of benefits to recipients and place unnecessary burdens on Federal and State program managers.' A return to open-ended authorization would eliminate 'unnecessary procedural steps' and would 'streamline the appropriations process in the event that unanticipated changes in law, participation, or food prices cause program costs to rise' [Committee on Agriculture, Senate 1990: 155]. Fixed expenditure caps placed within the food stamp authorizing legislation were eliminated starting with FY 1991.

Whether the key division among actors is institutional or ideological, a change in budget rule entailing a shift in the locus of the reversion point clearly affects the rational strategies of the players and the predicted outcome from political play. The critical institutional dynamic concerned the honesty of appropriations estimates. The critical ideological dynamic concerns the security of the status quo and the inherent advantage or disadvantage this gives to the contending sides. Under a discretionary rule, there is no security to the status quo and thus no inherent advantage; outcomes fluctuate with the shifting balance of power. Under an entitlement rule, the status quo is secure and thus political advantage goes to its defenders; outcomes will reflect stalemate to the extent that both right and left prefer the status quo relative to the options advocated by the opponent. Under an expenditure cap rule, the status quo is insecure given emergency conditions, conveying inherent advantage to conservatives who can threaten to enforce the caps rather than override them. The practical outcome in the food stamp case was that, rather than risk budgetary enforcement, program advocates acceded to substantive revisions determined by the president's indifference curve. Ironically, however, as aggregate budget concerns grew over time, Congress proved less willing to countenance the threat of automatic benefit sacrifices to apparently deserving households. It gradually loosened the caps to reduce the chances of incurring a food stamp spending crisis, until ultimately they lost their salience as a policy tool. An era of budgetary experimentation had come to an end.

Nevertheless, ideas in politics never seem to die. Cap proposals were prevalent during the intense budget and welfare policy debates of the mid 1990's. Such proposals provided the incentive for the analysis of this paper. Limits upon the maximum growth rate for entitlement programs were a regular part of dissenting budget resolution amendments in the 102nd and 103rd Congress. Specified dollar ceilings upon annual food stamp appropriations were included along with seven-year pro-

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gram reauthorization as part of the welfare reform bill passed by the 104th Congress but vetoed by President Clinton. As before, the Secretary would be instructed to direct the states to reduce household allotments to the extent that he finds anticipated outlays likely to exceed a strict funding threshold.. Ultimately, no spending caps were incorporated either in the final version of the 1996 welfare bill or in the 1997 balanced budget agreement. It was decided to pursue savings through specific program cuts rather than through aggregate spending controls. The provisions of the 1990 Budget Enforcement Act still remain in effect and thus entitlement costs can rise as long as they result automatically under existing rules and regulations. Yet it would be wrong to interpret this as a resolution of the tension between welfare protection and budget control. Deficit fears continue, as does considerable distrust regarding government transfer assistance to the poor. Without a clear dedication to protect individuals against economic deprivation, including a dedication to insure adequate food and nutrition, it is likely that unexpected market fluctuations and common budget misestimation again will bring forth complaints regarding the need for more stringent entitlement restraint and will revive proposals for fixed caps upon permissible spending.

5 *Conclusion*

'Budgeting and entitlement,' wrote Aaron Wildavsky, 'are incompatible concepts' [Wildavsky 1988: 260]. The object of budgeting is the collective allocation of scarce public resources among competing programs. Discretionary rules therefore facilitate the exercise of democratic choice, reflecting the vagaries of power inherent to such choice. The object of entitlement, by contrast, is the segregation of resources earmarked for a particular set of especially vulnerable claimants. Entitlement rules therefore entail some loss of legislative control over the government's purse strings as a consequence of the extraordinary funding protection granted to a segment. Over time, an increasing percentage of the U.S. budget has been exempted from annual appropriations review and revision. As the federal government's policy responsibilities have risen, the political capacity to manage its own affairs – especially fiscal affairs – has fallen. Entitlement budgeting represents an essential moral tension for American society, between the inclusiveness of democratic deliberation and the obligations of distributive justice. Both are important values that are not abandoned easily.

In the effort to reconcile them, policy-makers have seriously contemplated new procedural mechanisms, particularly fixed expenditure caps

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in various forms. Caps, which allow spending to proceed automatically but only up to a given threshold unless deliberately overridden, are an attempt to manage more consciously the ostensibly unplanned and upward drift of government outlays. They are advertised to improve policy oversight, placing on the budget agenda programs that otherwise would be relatively uncontrollable. They require politicians, if those programs ever breach the spending thresholds, to make explicit decisions regarding the level of acceptable support.

Social science is inherently attuned to the probable association between rules and results. Pluralist theorists concerned about the rise of budgeting by addition, for example, have hoped that the imposition of spending ceilings would encourage greater political competition at the margin, coercing legislators to address rival priorities and to make the hard decisions necessary for cost control [Schick 1995: 202–3]. The conclusion from this examination of the food stamp program is that budget rules do seem to matter, but not always in the manner desired by reform proponents. Quite predictably, budget caps seem to promote cost misestimates, emergency corrections, and repeated program tinkering, and they seem to empower those actors willing to threaten benefits to needy households as a bargaining resource. Moreover, the tighter the caps and thus the more they are likely to compel a choice between fiscal responsibility and welfare justice, the more politicians strategically will be tempted to escape them. The goal of the paper has been to show that these are logical and foreseeable results, easily derived from the models of budgetary rule. Mechanistic expenditure ceilings do not dissolve substantive policy tensions we do not wish to confront, nor can they mandate that we confront them in a careful and rational way.

In generalizing beyond the details of the food stamp case, it must be noted that the models presented in this paper are not intended to be comprehensive for all possible versions of budget rule, including all the forms of expenditure cap considered in the contemporary American debate. The paper, however, has sought to provide a basic framework for analysis. Most other variants can be understood by extension. For example, it can be shown that the more expenditure caps are grounded on fixed dollar amounts, the more they appear to contribute to overall fiscal constraint but the less they are enforceable upon beneficiaries when costs suddenly rise due to unexpected economic fluctuations; the more caps are flexible upon changing economic conditions, the more they protect essential benefits but the less they serve as a tool for deficit constraint. Similarly, caps that apply to a single program are subject to the grievance that a particular constituency is threatened with an unjust and singular penalty; caps that apply broadly to a group of pro-

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grams leave the allocation of restraint liable to political whim. Equally, the models presented above are not comprehensive for all potential political situations. Most obviously, they are based on an ideological division in which the median voter in Congress is liberal relative to the reversion point and the president is conservative. The models easily can be reformulated to reflect the opposite situation. Despite the possible variations, the main deductions remain consistent, as does the essential policy tension that they reflect.

At the core is an issue of governance – regarding the ability of the American political system to effectively manage a modern welfare state, providing at an acceptable cost and reasonable efficiency adequate levels of income support to deserving individuals over time. Each of these goals is itself undefined, and together they are not effortlessly integrated. Meanwhile, the U.S. poverty rate remains comparatively high. Expenditure caps are, in essence, the expression of a hesitant fiscal conservatism, unwilling to adequately finance its welfare commitments yet equally unwilling to renege on them. The promises are as contradictory as the society that establishes them.

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Appendix

FOOD STAMP PROGRAM, FISCAL YEARS 1961–1997

Authorization Ceilings, Appropriations, and Outlays (in thousands of dollars)

FY	*Authorization*	*Appropriation*	*Outlays*	*Legislation*
1961	none	3,725	857	Pilot programs, annual budgeting
1962	none	48,900	13,700	
1963	none	50,000	20,000	
1964	none	45,000	30,015	
1965	75,000	60,000*	34,395	Authorized, 3-yrs, annual budgeting
1966	100,000	100,000	69,491	
1967	200,000	139,525	114,095	
1968	200,000	185,000	184,727	Reauthorized, 2-yrs, annual budgeting
1969	315,000*	280,000*	247,766	
1970	610,000*	610,000	576,810	Reauthorized, 1 1/2-yrs, annual budgeting
1971	1,750,000	1,679,000*	1,567,767	Reauthorized as national program
1972	none	2,289,214	1,909,166	Open-ended budget authority begins
1973	none	2,500,000	2,207,532	
1974	none	3,000,000*	2,844,815	Reauthorized, 4-yrs, open-ended authority
1975	none	4,874,600*	4,598,956	
1976	none	5,203,000*	5,681,954	
TQ	none	1,239,117*	1,325,159	
1977	none	5,514,000*	5,398,795	
1978	5,847,600	5,627,000	5,548,752	Reauthorized, 4-yrs, with caps
1979	6,778,900*	6,679,200*	6,866,287	
1980	9,191,000*	9,191,000*	9,163,946	
1981	11,480,000*	11,480,000*	11,303,025	
1982	11,300,000	11,300,000*	11,064,157	Reauthorized, 1-yr, with cap
1983	12,874,000	12,830,141*	12,700,882	Reauthorized, 3-yrs, with caps
1984	13,145,000	12,441,705*	12,375,249	
1985	13,933,000	12,593,856*	12,525,738	
1986	13,037,000	12,637,703	12,443,135	Reauthorized, 5-yrs, with caps
1987	13,396,000	12,684,665	12,407,465	
1988	14,741,000	13,557,757	13,145,225	
1989	15,435,000	13,823,579*	13,725,093	
1990	15,970,000	16,907,096*	15,923,350	
1991	none	20,550,901*	19,649,558	Reauthorized, 5-yrs, without caps
1992	none	23,362,975	22,799,659	
1993	none	28,115,357	24,602,431	
1994	none	28,136,655	25,440,750	
1995	none	28,830,710	25,554,000	
1996	none	27,597,828	25,422,000	Reauthorized, 7-yrs, without caps
1997	none	27,618,029	22,866,000	

*Adjusted midyear.

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