Performance-Based Budgeting Implementation Process: The Nashville-Metropolitan Government Experience

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Abstract

Introduction: The academic literature premised on performance-based budgeting has evaluated numerous aspects of this budgeting device. Literature Gap: However, absent from the literature are snapshots of successful cases where performance-based budgeting techniques have been partially, or fully implemented, according to the guidelines postulated by such firms as Weidner Consulting. Purpose: The purpose of this research project is to describe the implementation process of the Nashville-Metropolitan Government in an effort to fill a gap in the literature on performance-based budgeting and policy implementation. Research Questions: This research project is driven by the following research questions: At what stage of the performance-based budgeting implementation process is Nashville-Metropolitan government currently residing? What does the implementation process of performance-based budgeting resemble in the Nashville-Metropolitan Government (e.g., top-down, bottom-up, or mixed)? Methods: In answering the research questions, a series of open-ended and close-ended questions, through the use of “referent” or “snowball” sampling, was used to collect the data. Findings: The findings of this study suggest that Nashville’s performance-based budgeting experience resembles that of a mixed-method approach to policy implementation. Limitations: Due to the case specific nature of this study, one limitation is its generalizability beyond the Nashville-Metropolitan government of Tennessee.
Introduction

In a time of budget shortfalls and government mistrust, political functionaries are choosing to incorporate more controls over the purse. More purse string controls will limit the discretionary power of political and appointed governmental functionaries in an effort to enhance government efficiency and accountability. In an effort to increase accountability, governing entities at all levels are exploring performance-based budgeting and its utilization of performance measures. In essence, performance-based budgeting links the core processes of forecasting and strategic planning, with the budget process, in an effort to enhance operational performance throughout the enterprise. According to The Weidner Consulting firm, successful implementation of performance-based budgeting begins at the organizational apex and trickles to the agencies core functions and departments (Interview, Willis Center, Nashville, TN 12/3/03). Ultimately, resulting in collaborative efforts from upper, middle and lower levels of the organization, working together to implement performance-based budgeting.

The academic literature premised on performance-based budgeting has evaluated numerous aspects of this budgeting device. Absent from the literature are snapshots of successful cases where performance-based budgeting techniques have been partially or fully implemented according to the guidelines postulated by such consulting agents as The Weidner Consulting firm. The purpose of this research project is to describe the implementation process of the Nashville-Metropolitan Government in an effort to fill a gap in the literature on performance-based budgeting and policy implementation.

The literature on policy implementation suggests that three basic theories dominate recent research endeavors. These three theories are: the top-down, bottom-up or mixed method approach to policy implementation. The top-down approach to policy implementation suggests that political and appointed government functionaries establish the criteria necessary for policy implementation, and pass it to subordinates for execution. The bottom-up approach to policy implementation suggests that these same governmental employees consult with “street-level” bureaucrats in an effort to maximize the implementation process. The idea is that street-level bureaucrats best understand how a policy will work because they are charged with carrying out its guidelines on a daily basis. The mixed-method approach to policy implementation suggests that a combination of the top-down and bottom-up processes are necessary for successful policy implementation because the upper echelon of the agency understands the legislative and judicial strategic plans, while the street-level bureaucrat understand the pragmatic side of the issue. The following section will discuss the literature and outline the basic principles of performance-based budgeting, while also tracing the history of policy implementation in public agencies.

Literature Review

Performance-Based Budgeting

Budget reform is nothing new in the United States. Since the 1921 Budget Reform Act, this country has experimented with such budgetary reforms as zero-based budgeting, planning-programming budgeting systems, program budgeting, incrementalism and the current trend of budgetary reform performance-based budgeting (Schick, A 1966; Lauth 1995; Lynch 1995; Mikesell 1995; Lee & Johnson, 1998; Miller, Rabin, Hildreth, 2000; Rubin, 2001).
Performance-based budgeting is defined as the utilization of strategic planning techniques in reference to agency missions, goals, and objectives, while simultaneously requesting quantifiable data for establishing meaning to program outputs and outcomes (Willoughby and Melkers, 1998, 1999, 2001a, 2001b). Ultimately, performance-based budgeting aligns resource consumption with strategic objectives and annual performance goals. Additionally, it formulates a performance-based budget linking financial measures to annual performance plans for making informed decisions concerning budgeting and workload projections. Proponents of performance-based budgeting insist that the utilization of strategic planning and benchmarking are the basic tenets causing the current obsession with budgetary reform in the states (Broom & McGuire, 1995; Bruder & Gray, 1994; Craig, 2002; Grizzle & Pettijohn, 2002; Holt, 1996; Pattison & Samuels, 2002).

With numerous states witnessing unprecedented fiscal restraints, performance-based budgeting is the new budgeting process that is supposed to allow states to get more bang for their bucks! Currently, the federal government and 47 out of 50 states have enacted some form of performance-based budgeting program, either by a legislative act or executive decree (Berry & Flowers, 1999; Joyce, 1993; Kelly & Rivenbark, 2003; Lane, 2002; Lee & Burns, 2000; Lu, 1998; Melkers & Willoughby, 1998, 1999, 2001a, 2001b; Mulder, 2002; Rubin & Stein, 1990). In addition to the immense popularity of performance-based budgeting at the state level, American cities are in the process of implementing this budgetary reform process (Rubin, 1992; Stokes, 2004). However, as with states, cities are also experiencing difficulties and set backs in the implementation process of performance-based budgeting (Andrews & Hill, 2003). Some of the impediments facing the implementation of performance-based budgeting are as follows:

- A failure by the leadership in understanding what is needed for successful implementation;
- A lack of commitment across the state or agency for implementing performance-based budgeting;
- A failure to recognize organizational cultural changes necessary to make implementation successful;
- Vague initiatives passed down by legislative and executive agencies for implementation;
- A lack of resources dedicated towards full implementation;
- No timelines for when full implementation should be complete;
- Trying to “add-on” elements of PBB with existing budgetary forms such as incrementalism impedes the implementation process of PBB;
- A failure by legislative and executive agencies to use performance standards when making budgetary allocations;
- Roles need to be clearly defined in the budgetary process.

Existing in the literature are discrepancies about the success or failure of the implementation of performance-based budgeting. Maybe one reason why the implementation process is not going as well as budgeters would like is the lack of understanding of the policy implementation process. The following section will discuss the major theories of public policy implementation.
Policy Implementation Models

According to the literature on policy implementation, this area of policy concern can be divided into three distinct models: top-down, bottom-up and a mixed-method approaches (Burke & Gray, 1994; Burke, 1987; Carlsson, 2000; Cline, 2003; Easton, Monkman, & Miles, 2003; Elmore, 1979; Hasenfeld, 1991; Hill & Hupe, 2002; Ingram, 1990; Kiviniemi, 1986; Lester & Goggin, 1998; Linder & Peters, 1987a + b; Maynard-Moody, 1989; Yanow, 1987). As suggested by its classification, the top-down model of policy implementation assumes that the upper echelon of organizational members take the leading role in policy implementation, while the bottom-up model advocates that “street-level” bureaucrats should play the largest role during the implementation process. The compromising position that has emerged from these perennial arguments is that policy implementation is best served when the top-down and bottom-up models are utilized together. This is better known as the mixed-method model of policy implementation (Menzel, 1987; Schofield, 2001; Van den brink, 2002).

Before reviewing the principles of the top-down and bottom-up theories of policy implementation, a brief review of how we arrived at these theories are needed. According to Goggin, Bowman, Lester, and O’Toole (1987) there have been “two generations” of research on implementation (p.3). The first generation studies were thorough accounts of how a single authoritative decision was carried out (p. 13). The most prominent work advocating this process was Pressman and Wildavsky’s (1973) “Implementation.” Pressman and Wildavsky contend that experience, with the innumerable steps involved in the implementation process, suggests that simplistic policy results will mean fewer disasters. The authors stipulated that the more direct the policy aims at its target, the fewer the decisions involved in its ultimate realization and the better chance that implementation will be successful. Pressman and Wildavsky support their assumptions by citing the problems of the Economic Development Administration (EDA) employment program in Oakland, California. They concluded that the failure of the program was a result of aims at wrong targets, subsidizing the capital of business enterprises, negotiating loan agreements, and devising and monitoring employment plans that would have been unnecessary if a more direct approach had been taken. First generation studies have been criticized for being a theoretical, case-specific, non-cumulative and overly pessimistic (Goggin, Bowman, Lester, O’Toole, 1987).

The second generation of implementation studies premised its conclusions primarily on the inferences of the first generation. This generation contributed to the development of analytical frameworks to guide research on the complex phenomenon of policy implementation. Most of these second generation studies focused on the same predictor variables: policy form and content, and the talents of the people, motives, predispositions and their interpersonal relationships, including patterns of communication (Goggin, Bowman, Lester, O’Toole, 1987:14).

A few studies also singled out the decision-making environment in the states as conditioning if not determining, implementation and its results. Further contributions from this perspective were: the recognition that implementation does vary overtime, is different across policies and from one state to the next, and that the identification of the likely candidates for explaining those variations are limited, and confrontations of many difficult problems accompanying the process of systematic empirical research highly prevalent (Goggin, Bowman, Lester, O’Toole, 1987: 14).
Despite the accomplishments of second-generation researchers, there were several validity and reliability problems in their work. Maznamian and Sabatier (1980), were only able to illustrate their framework with six non-standardized case studies that could not be replicated. The investigators paid virtually no attention to interstate variations in implementation across states. Moreover, their model failed to tell us which variables were the most important.

Descending from these two generations of thought and discourse on implementation theory came the apprehension that policy implementation is best served by elite bureaucrats (Maznamian and Sabatier, 1980) or street level bureaucrats (Elmore, 1980). Following is a brief summary of the two approaches.

The basic essentials of the top-down policy implementation approach is that it starts with a policy decision by governmental officials, usually elected political functionaries, however some non-elected officials assist as well. Then the following stipulations are asked:

- To what extent were the actions of implementing officials and target groups consistent with the policy decision?
- To what extent were the objectives attained over time, i.e., to what extent were the impacts consistent with the objectives?
- What were the principal factors affecting policy outputs and impacts, both those relevant to the official policy as well as other politically significant ones?
- How was the policy reformulated over time on the basis of experience (Sabatier, 1986:22)?

The work of Sabatier and Mazmanian (1980) serve as a useful example of the top-down approach because it is considered one of the classics in the area of implementation thought. Later generations of top-downers synthesized the list of variables considerably by recommending six for developing a comprehensive theory. They are:

- Clear and consistent objectives;
- Adequate causal theory;
- Implementation process legally structured to enhance compliance by implementing officials and target groups;
- Committed and skillful implementing officials;
- Support of interest groups and sovereigns;
- Changes in socioeconomic conditions, which do not substantially undermine political support or causal theory (Goggin, Bowman, Lester, O’Toole, 1987: 21).

Sabatier and Mazmanian considered the ideas of Elmore (1980) over the limitations of hierarchical control. They rejected the idea that street-level bureaucrats actually controlled the implementation process. They believed that keeping the street level bureaucrat in check was essential for the success of implementing policies.

Those adherents to the bottom-up approach contend that the top-down approach fails to consider other actors in the implementation process. The top-down argument places all the responsibility in the hands of the policymaker. A second criticism of this approach is its difficulty to use in situations where the organization has yet to establish clear and concise goals for an implementation policy. Also, top-down models have a tendency to make street-level bureaucrats conform to organizational strategies prohibiting them from using ideas and strategies they might deem pertinent to the implementation.
process. Hence, street level bureaucrats are confined to the organizations rules and are not given any variability from it. The top-down approach implies that policy formulation and policy implementation are distinctly separate levels in the policy cycle (Sabatier, 1980).

The bottom-up approach to policy-implementation begins by identifying the network of players involved in delivering the policy at the lower levels of the hierarchy. These actors are asked to identify their goals, strategies, activities, and contacts. It then uses the contacts as a vehicle for developing a network technique to identify the local, regional, and national actors involved in the planning, financing, and execution of the relevant governmental and non-governmental programs. This provides a mechanism for moving from street level bureaucrats to the policy makers at the top of the hierarchy. Bottom-upper’s contend that program success is contingent on the skills of lower level bureaucrats and the modes of authority (administrative discretion) they are given (Sabatier, 1986).

In regards to formal and informal powers, Lipsky (1980) contends that the discretionary power exercised by employees of public organizations affects the implementation of public policies. Lipsky posits that human intervention is considered necessary for effective job service, all because this interaction is complex and full of exceptions to the case, discretionary power is pertinent for successful implementation of policy. Lipsky, in the area of corrections, provides the most highly refined example of the necessity of bureaucratic discretion. In the field of corrections, prison guards routinely file injurious reports on inmates whom they judge as guilty of “silent insolence (p. 14).” In other words, prison guards are subjectively judging what constitutes a “dirty look (p. 15).”

Baum (1981) agrees with Lipsky by suggesting that the degree of autonomy from the organization a bureaucratic employee possesses is important for implementing public policy. Workers, for the most part, accept the legitimacy of the formal structure of authority, and they are not in a position to dissent successfully. However, on occasion, lower level participants in organizations often fail in sharing the perspectives and preferences of their superiors and hence in some respects cannot be thought of as working for the organization. However, Baum contends that this nonconformance reflects the loose control espoused by political functionaries over lower level bureaucrats. Baum believes this nonconpliance to organizational norms or rules and procedures also occurs because lower level bureaucrats display different interest than the organization. Inferring from these two mutual exclusive perceptions is the notion that political functionaries believe that allowing street level bureaucrats the authority to shy away from organizational norms and procedures is best because the know what is best for the client-agency relationship. Knowing what is best maybe contrary to the organization. This may cause the bureaucrat to not necessarily agree with the organization. Therefore, it is important that sometimes, (not all the time however because organizations cannot have lower level bureaucrats running the organization) bureaucrats are given the authority to step outside of the norms, especially in special circumstances, (whatever that might mean) in order to promote a policy. In other words, what is best for the client might not necessarily be permitted by the agency. Therefore, giving a degree of autonomy to the lower level bureaucrat to operate outside of the agency will sometimes maximize the client-agency relationship in areas of policy and program implementation.
With the many strengths of the bottom-up approach come many weaknesses as well. One problem many top-downers accuse bottom-upper’s of committing is getting too concerned with the “periphery (street level bureaucrats)” in the policy formulation and implementation process. They contend that without the support of the “center” to go along with the lower levels of bureaucratic concern policy implementation success would fail to occur (Sabatier, 1986: 34). Furthermore, street-level bureaucrats, in most cases, are not present at the initial upper-level strategy meetings in which the initial stages of policy implementation are discussed. Therefore, lower level members of the organization may not fully understand the environmental factors that political entities are concerned with during the implementation process. So, not only should lower level bureaucrats be adamantly involved in the process, but also the upper level bureaucrats and political entities as well.

O’Toole (1986) traces the history of implementation research and notes that hundreds of different variables identified as relevant by both parties have received attention. Those previously mentioned represented the more popular ones. The problem with characterizing certain variables such as technical expertise, discretionary power and organizational autonomy as major components of the bottom-up theory of implementation is first, the variation that each characteristic is practiced or displayed by the street level bureaucrat. For example, some street level bureaucrat’s possesses higher levels of technical expertise than others. Also, one street level bureaucrat may be able to use their discretion more effectively than another. Secondly, using a limited number of variables for trying to explain the process of implementation restrains the researchers from actually capturing what really takes place in the implementation process. For example, the variables mentioned earlier may play a major role in the implementation process, however other issues such as the contextual framework in which street level bureaucrats operate may depict a better picture of the process. Adhering to this dichotomy between policy formulation and policy implementation is ludicrous. Both areas of policy are contingent on each other in the policy making process. Think about it, what good is a policy that has been formulated and not implemented? Furthermore, what do street-level bureaucrats’ implement if a clear policy has yet to be established (O’Toole, 1986)?

Since policy implementation is contingent on policy formulation, several scholars have suggested that elements from both the bottom-up and top-down approaches to policy implementation are necessary for success. Since no two agencies, states or cities are a like, understanding the contextual framework of the case at hand leads to successful policy implementation. Rist (1998), a leading advocate of this position postulates that the implementation process of the policy cycle is better understood when the contextual framework in which street level bureaucrats operate is studied. Rist posits that the contextual framework emphasizes the environmental surroundings, the physical and mental attitude of bureaucrats, the climate, other actors, rules, culture, philosophy, formal and informal powers, and other attributes of the location and setting. According to Rist, these characteristics of the contextual framework play a major role in understanding policy implementation theory. Rist’s argument seems to be the most rational because implementation occurs differently at every level of government, primarily because the contextual framework of each level of government is quite different. For example, the contextual framework at the federal level of government is
quite different from that at the local level of government. Therefore, recognizing this
difference is essential for valid research on implementation. Limiting ones research too
just a few variables fails to capture a real understanding of what takes place in the
implementation process. Analyzing the contextual framework seems more appropriate
for comprehending the actual policy implementation process because it suggests that a
full understanding of the contextual framework of an organization is best served when a
“mix” of upper level, middle and lower level political functionaries cooperate during the
implementation stages of a particular policy.

Theory

The theoretical constructs found in the literature regarding the implementation of
public policy lists three distinct models. They are: the top-down, bottom-up and mixed-
method approaches to policy implementation. Emerging in the field of budgetary
implementation, especially in regards to performance-based budgeting, is the notion that
implementation is best served when a combination of the top-down and bottom-up
approaches to policy implementation is employed, suggesting a mixed-method approach
to budgetary implementation. The purpose of this research project is to offer a case
example of one metropolitan governmental entity that is currently in the process of
implementing performance-based budgeting—Nashville, Tennessee. The researchers
believe that Nashville is incorporating a mixed-method approach when delivering
performance-based budgeting to its constituency.

Research Question

What does the implementation process of performance-based budgeting
resemble in the Nashville-Metropolitan Government (e.g., top-down, bottom-up, or
mixed)? To answer the overriding question a series of secondary questions was
generated to gather the data. They are:

- How was performance-based budgeting originally proposed in Nashville?
- At what stage of the performance-based budgeting implementation process is
  Nashville-Metropolitan government currently residing?
- How successful has Nashville-Metropolitan government been in successfully
  implementing performance-based budgeting?
- Is the time line set for full implementation of performance-based budgeting, in the
  Nashville-Metropolitan Government, going to be met? If so why, if not, why?
- In your perception, does everyone fully understand the process of implementing
  performance-based budgeting?
- In your perception, is there a commitment across the state or agency for implementing
  performance-based budgeting?
- Was your role in the implementation process well defined in regards to the
  implementation of performance-based budgeting?
- Ultimately, who is responsible for carrying out the implementation of performance-
  based budgeting? Should it be?
Research Methodology

Goggin, (1986), suggests that the copious variables and concepts in understanding policy implementation lend itself towards case study analysis. For Goggin, traditional formal modeling fails to capture the dynamic richness painted by case study research because the nature of the questions driving qualitative research endeavors are better suited to explain why and how policy implementation occurred. Although Goggin criticized the overuse of case study research in policy implementation, he posited that exploratory research is still best achieved through the case study approach. Therefore, this study utilizes Goggin’s approach to policy implementation in answering the research questions found in this project.

In answering these questions “referent” or “snowball” sampling was used to collect the data. Using in-person interviews of street-level, mid-level and upper-level organizational members, throughout the Nashville-Metropolitan Government, was the process used to collect the data. The data was collected over a period of six months. In total, a combination of thirty individuals make-up the sample employed to gather the data. Following are the findings of this research.

Findings

Although performance budgeting can be implemented as a discrete project, Metro Nashville’s current implementation of performance budgeting is an integrated part of its Managing for Results strategic business management effort. The budgetary realization of that is a program-based performance-informed budget.

Metro had begun to include performance information in its budget documents in the early 1990s. However, this effort was driven primarily by the Budget Office whose management and staff was familiar with the topic through their graduate public administration classes and ongoing professional development. However, the performance data consisted primarily of output indicators, with few outcome or result measures. Although the measures were tied to programs and organizational units, most of those did not have explicit goals. Furthermore, the data was only one of many things included in the budgeting discussions, along with expenditure line-items, position information, and largely anecdotal discussions of operations and services.

In February 2000, Governing Magazine published its first report on “Grading the Cities,” reviewing America’s 50 biggest cities along lines of financial management, human resource management, information technology, capital management, and managing for results.1 Nashville’s responses to Governing’s questions had been compiled during the previous fall. Between then and publication, elections had resulted in a change in administrations in which the incumbent, a strong mayor, did not run for reelection and roughly half of the 40-member Metropolitan Council members had turned over. Although the city’s financial management rating was a respectable “B,” the managing for results rating was a disappointing but not unexpected “C-.” The article noted the presence of workload measures, but noted that there was no citywide strategic planning and few departmental plans.

What the article did not say, but what was found in a survey of departments by the new financial leadership, was that only around half of departments thought their

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performance measures were good, and roughly the same number used them only in preparing the annual budget, but not in managing or assessing accountability.

The new financial management team consisted of a new finance director, who within the year brought on a director for the newly-expanded Office of Management and Budget. One of her first actions was to address the Governing report. She hired a position to coordinate managing for results in January 2001. They initially were not sure that the scope should be comprehensive.

An RFP process selected Weidner Consulting to help implement a Managing for Results methodology. The intent was to implement a complete system of planning, performance-informed budgeting, evaluation, and employee performance measurement that would focus on results for customers and assure accountability. The initiative is called “Results Matter.”

The finance director’s charge was to make this the way the city normally does business, and not just an add-on to other processes and systems. He also determined to execute a performance-based budget at the earliest opportunity.

Metro determined that a multi-year implementation plan, with departmental strategic business plans would be done in three or four years. The process is going forward in waves among Metro’s departments; the first wave included police, fire, finance, health, and other major departments comprising a major part of the general fund’s budget.

The department or agency begins with a structured planning process developed by Weidner Consulting. The process begins with identification of issues, a mission, and goals by top agency management. It then becomes more operational as the managers describe the products produced by the agency. Then, agency line personnel – service providers and first-level supervisors – group the products into programs, and develop program measures along four lines: results, demand, outputs, and efficiency. Those programs are then grouped into lines of business, and key result measures are determined for each.

After multiple reviews at various levels, culminating in approval by a Metro-wide review committee and the Mayor, the department’s budget is reorganized from its traditional organization to one based on the strategic business plan’s programs and products.
Systems are set up to gather performance information, the information is then gathered and evaluated, and formed into a basis for making budgetary and operational decisions. The performance data is subject to certification of the process before the fact, and audit thereafter.

(“Donut” diagram at right © Weidner Consulting.)

As a cost-saving measure, Metro decided to have facilitations done in-house rather than by the consultant. Volunteers and selected individuals from various departments were trained as “black belt” facilitators, experts in the process and in helping departments to develop their plans. Although black belts did not facilitate their own departments’ plans, they provided in-house capacity and helped provide agencies with experts on the process.

**What has helped implementation of Results Matter and the performance-informed budget?**

There has been a commitment to make the budgeting process more transparent and provide better information for decision-making. It helped address an underlying understanding that performance data was not useful in the absence of plans. The finance director’s public declaration of support for managing for results and performance-based budgeting helped. The consulting firm was able to provide subject-matter experts, especially in the person of a former municipal financial manager who could provide practical experience. The various units of the Finance Department coordinated and combined their efforts to ease the transition into a performance-based budgeting and reporting format.

Departments were treated as partners, without using a top-down enforced compliance-driven model. One department even contributed funding to the initial efforts. Elected officials have come on board voluntarily, and even resistant managers see value in it and make it useful. Metro’s adoption and use of the information by departmental managers appears to be unusually thorough, even down to mid- and lower-management levels who conduct meetings with attention to concrete results. The methodology is permeating departments in ways that management never predicted.

The black belt model has scattered people throughout the government who understand the process and its potential. The OMB has supported departments with ongoing training in skills required to make the performance budget work. This training has included not just budget preparation, but how to tell their stories using data, how to collect data, and how to use data in decision-making.

Mayoral support for Results Matter, performance auditing, and other measures to make Nashville the best managed city anywhere, has provided continuing support. A critical factor was site visits to other governments that had implemented the Weidner model, such as Austin, Texas and Maricopa County, Arizona, which gave us good insight on how to handle some of the details of implementation, and instructed us on things to do and to not do in the implementation process. They have made the Metro implementation much more successful.
What hindered the implementation?

Metro has a very decentralized culture. Many executive branch departments also report to boards, commissions, and agencies. The complexity, structure, and resulting change-resistant culture of the government has made the effort difficult. There was no way to do this according to a formula. Many issues had to be identified and addressed by the Metro team as the plan and budget was developed, with some guidance from consultants without their method determining all of the answers. Resources dedicated to Results Matter and performance budgeting are less than the consultants recommend on an ongoing basis. However, this lack of resources has forced implementers to be more innovative and has probably resulted in a more effective implementation.

The performance data itself is new, so there is not much basis for comparison or determining trends. Performance measures for Results Matter are new and not continuations of previous measures, especially determining and tracking key results. This will resolve itself as time goes by and data is collected.

Assessment

Department heads and, to varying degrees their budget managers, appear to understand the performance-based budget. Metro has taken the lead in defining the assessment of its performance; in the vacuum that had existed, the data for this discussion was defined by local citizen and business groups.

Ultimately, the Finance Director is responsible for the implementation. After the FY 2005 budget process (one which incorporated primarily budget cuts due to slow revenue growth and escalating benefit costs), the Finance Director said that he was very pleased with Results Matter and the performance-based budget. Performance data formed the basis for FY 2005 budget discussions of the Results Matter departments that have been converted over to performance-based budgets; the framing of discussions around programs and performance results for customers made a clear and demonstrable difference to him. Decisions were informed by performance.

Departments are looking at their budgets and are making decisions using performance data. Council discussions are beginning to evolve from discussions of line items to discussions of operations and results, albeit slowly. Hopefully, in the long run, the result will be better, more-informed decisions. Although Metro’s decision to implement performance-informed budgeting as part of managing for results was made from the top down, the implementation uses an intentionally-mixed implementation model, using different levels to build specific portions of departments’ plans. The budget-making process is similarly mixed, as the program structure and performance data linked to the budget drives discussions throughout the organization.

Policy Implications and Limitations

The findings of this research tend to suggest that a mixed-method approach to policy implementation is occurring in regards to performance-based budgeting in Nashville, TN. The techniques and processes outlined in the implementation of performance-based budgeting found in this document offers practical applications for budgeters on how to implement performance-based budgeting in a local metropolitan government. Despite the practical implications of this research, several limitations do
exist. First, the small sample of thirty briefly touches the perceptions of only a few individuals throughout Nashville’s Metropolitan government and their perceptions of the recent performance-based budgeting implementation process. One problem with referent sampling is the notion of getting the names of individuals who are major players in a particular policy field. In this case, the circle of stakeholders is intertwined and elements of groupthink may be prevalent in the responses given by those interviewed. Secondly, assuming that the Nashville experience is adequate for other cities is a bit naive. Therefore, the low generalizability, meaning that one city’s experience may not be adequate for another, especially trying to apply techniques and processes found in the traditionalistic south to the moralistic northeast, is somewhat naive. Regardless of these limitations, the researchers believe elements of Nashville’s experience can be utilized to make the performance-based budgeting implementation process much more straightforward in other cities in the process of implementing performance-based budgeting.

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