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IMPROVING THE IMPLEMENTATION OF BUDGETARY REFORM IN LOCAL GOVERNMENTS: THE USE OF AN IMPLEMENTATION FEASIBILITY ANALYSIS

Blue Wooldridge & Claire L. Alpert

"The best laid schemes o’ mice and men gang aft a-gley."

Robert Burns

"There is always something to upset the most careful of human calculations."

Ibana Saikaku

Those implementing changes in an existing budgeting system will encounter many obstacles. This article discusses the nature of these obstacles identified through a research of the literature and the results of a survey of 35 local governments who recently implemented “budgetary reform.” The article also presents a methodology - The Implementation Feasibility Analysis - that can be used to systematically identify potential obstacles to successful changes in the budgetary system before such changes are attempted.

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Claire L. Alpert was with the Office of Solid Waste, Environmental Protection Agency where she recently completed a tour as a Presidential Management Intern. Previous work experience included the Department of Planning, State of Maryland, and the Department of Public Works, Howard County, Maryland. She received a Master of Urban Affairs from Virginia Polytechnic Institute and State University and her undergraduate degree from Western Maryland College.
All too often, it is assumed that once a decision has been made to carry out a governmental activity or program that activity will be successfully implemented. Unfortunately, in many cases, this assumption is invalid. Nowhere is the adage “there is many a slip between the cup and the lip” more applicable than when applied to the translation of program plans into successful program operations.

This difficulty in implementation has been especially true in attempts to change budget practices at the local government level. Over the past 70 or 80 years, there have been four major phases of local government budgetary reform, starting with line-item budgets in the early 1900s. As most followers of public budgeting know, this early stage of budgeting reform was followed during the late 1930s by what is now referred to as the Performance Budget; in the 1960s, by the famous (or infamous) Planning/Programming Budgeting System (PPBS); and finally, through the efforts of a Georgia Governor who became President to a system known as Zero-Based Budgeting. A review of the public budgeting literature, from the past 80 years, indicates, to no surprise, that all of these attempts to modify existing budget practices have encountered numerous obstacles. What might be surprising is the great deal of commonality among the types of obstacles encountered. Obstacles that hindered the implementation of zero-base budgeting during the 1980s also constrained the managers attempting to install line-item budgeting in 1913.

Common categories of obstacles include:
- resistance from staff and line personnel
- incompatibility with existing systems
- lack of adequate commitment and support
- inadequate skills and data base

While the review of the literature on public budgeting identifies the problems encountered in budgetary reform, another body of writings in public administration focuses on problems of implementing innovations in public agencies in general. This implementation literature suggests that problems in converting public plans into successful operations might be mitigated by a systematic attempt to identify potential obstacles before implementation is initiated.

It is the theory of this paper that successful implementation of changes to the existing budgeting system can be enhanced by using a systematic plan for implementation. The first step in this planning process, an Implementation Feasibility Analysis (IFA), is designed to identify potential obstacles to successful implementation.*

A basic assumption of this approach is that local officials can be guided in their attempt to identify potential obstacles at budgetary reform by becoming more aware of obstacles encountered in previous attempts. This paper will develop a set of guidelines that local officials contemplating a change in their budget process can use to carry out an Implementation Feasibility Analysis. The methodology leading to the development of these guidelines consisted of six major phases:

1) A review of the literature on program implementation to identify generic obstacles to program implementation;
2) A review of the literature describing attempts at budgetary reform;
3) The results of these reviews incorporated in a draft set of guidelines;
4) The review and modification of this draft by several local public finance officials;

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5) The use of this revised draft to survey approximately 50 jurisdictions, recently undertaking changes in their budgetary process;

6) Finally, based upon analysis of the survey results, the development of a set of guidelines that local officials an use to identify potential obstacles to budgetary reform in that community.

Research Methodology

Phase One

A review of some of the recent literature on program implementation and the diffusion of innovation resulted in a framework of guidelines that could be used in conducting a generic implementation feasibility analysis. This review included the following material on program implementation: Allison, 1974; Berman, 1978; Chase, 1979; Hatry, 1976; Mechling, 1978; Moore, 1978; Pressman and Wildavsky, 1973; Van Meter and Van Horn, 1975; Williams and Elmore, 1976; and literature on the diffusion of innovation, such as Rogers and Shoemaker, 1971.

Based upon this review, it was decided that there are the following ten major categories of obstacles to implementing new programs:

1) **Resources** - Since all successfully implemented programs require money, manpower, support, time, etc., the lack of sufficient resources can serve as serious obstacles.

2) **Goals and Objectives** - The existence of performance indicators tied to identifiable goals and objectives is an important factor affecting successful implementation. Not specifying the desired outcomes leads to failure to accomplish an organized decision.

3) **Inter/Intra-Organizational Enforcement Mechanisms** - Higher authorities (superiors) must often rely on institutional mechanisms and procedures that are designed to increase the likelihood that implementors (subordinates) will act in a manner consistent with a program's standards and objectives. Besides controlling budgetary allocations, superiors in private organizations have the standard personnel powers of recruitment and selection; assignment and re-locational; advancement and promotion, and ultimately, dismissal. Many of these mechanisms are not available to you as state and local officials. The resulting lack can increase implementation difficulty.

4) **Characteristics and Disposition of Implementing Agencies** - Bureaucratic influence and bureaucratic structure are two major factors to be considered. The degree of influence exerted by a bureaucracy is dependent upon political support, organization vitality, organization leadership, nature of the organization's task, and skills and expertise of the organization. Several characteristics of structure that should be of interest to the program planner/manager are: organizational history, traditional and legal basis, agency incentive systems, degree of autonomy, norms, and standard operating procedures. All of these factors could serve to create obstacles to program implementation.

5) **Disposition of the Implementors** - A program is implemented by people, so their perception and attitudes towards it are of great importance. A program manager must be aware of the staff's cognition (comprehension, understanding) of the program, the direction of their response toward it (acceptance, neutrality, rejection) and the intensity of the response.

6) **Characteristics of the Innovation** - Research has indicated that certain characteristics of the new program, such as its relative advantage, compatibility with existing systems, complexity, ability to observe results and viability might affect its successful implementation.

7) **Future Economic Conditions** - Future economic conditions are often difficult to pre-
dict especially when dealing with a program which requires a long time period for implementation. These conditions, however, can certainly create barriers to program success.

(8) **Social Factors** — The **success** of every new program rests inevitably on its **acceptance** by that portion of society which it serves. Public opinion can be extremely influential in deciding whether or how the policy change is to be implemented.

(9) **Political Environment** — The importance of the legal and political environment surrounding the implementation of a program may harbor some potential problems which should not be overlooked.

(10) **Uncertainty of Knowledge or of Technological/Administrative Procedures** — Technological advances and changes in administrative procedures often occur swiftly. Since the nature and scope of these changes are difficult to gauge, some attention must be given to the program’s susceptibility to impact of new developments in these areas.

**Phase Two:**

In order to increase the probability that the final set of guidelines would be useful in analyzing proposed budgetary reform, these generic guidelines were combined with the results of a review made of the budgetary literature in an attempt to benefit from a discussion of obstacles encountered in changing budgeting systems.

**Phase Three & Four:**

But, other steps were necessary to increase the probability that the guidelines would be useful for the practicing local financial professional. The revised guidelines were reviewed and modified by six (6) local finance practitioners.

**Phase Five:**

This final draft of the implementation feasibility analysis guidelines was used to construct a survey instrument intended to identify obstacles encountered in the implementation of changes in a local budgeting system. This instrument was used in approximately fifty (50) local jurisdictions that had identified themselves as recently undergoing budgetary analysis.

**Analysis of Survey Findings:**

Interestingly, the most frequent obstacles to budgetary reform identified by the survey fell under only four (4) of the categories identified earlier: **Lack of Sufficient Resources, Characteristics/Disposition of Implementing Agenda, Disposition and Attitudes of Personnel, Characteristic of the Innovation, and Technological Uncertainties.**

**Lack of Sufficient Resources**

The major obstacle identified under this category was line agency personnel with inadequate skills for the new system (44% of the respondents). Of commensurate concern (42%) was the inability to provide appropriate information to support the new budget. A lack of adequate support and commitment from line agency personnel was identified in 40% of the questionnaires; and insufficient support services, including computer resources, was identified as an obstacle by 30% of the respondents. Lack of enough time to properly implement the budget reform was identified in 29% of the jurisdictions.

**Characteristics/Disposition of Implementing Agencies**

40% of the respondents identified that the new system’s conflict with line agency tradition or standard operating procedures caused obstacles to implementation.
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Disposition and Attitude of Personnel
Resistance caused by required changes in employees behavior was identified as an obstacle to implementation by 29% of the questionnaires.

Characteristic of the Innovation
Some writers in the area of implementation have felt that the material on diffusion of innovation was not particularly relevant to the implementation topic. However, under “Characteristics of the New Budgeting System,” the major obstacle to implementation appeared to be the complexity of the new system, with 68% of the respondents identifying this as an obstacle. 28% of the respondents indicated that the incompatibility of the new system with existing organizational data processing system caused problems. 27% indicated that the new system was incompatible with the existing organizational accounting system. 22% indicated obstacles to implementation were caused by difficulties in demonstrating the relative advantages of the new system, and attempting to implement all aspects of the new system simultaneously.

Technological Uncertainty
27% of the respondents indicated that there were obstacles to implementing the new operating budget system caused by uncertainties of the consequences.

Major Problems Encountered
The following comments are fairly typical of the responses to the question, “Identify the major problems encountered in implementing your new system.”

“Personnel - insufficient background.”
Training process of line personnel was difficult and time consuming.”
“A lack of interest by top management.”
“Insufficient training made the agency resist change.”
“Not enough time for transition.”
“Departments were unwilling or unable to formally or publicly articulate goals and objectives.”
“New system was too complex to gain the understanding and support of line agencies.”
“Tack of adequate data processing capacity and some resistance to change by former staff members.”
“New budget required much more time and preparation which resulted in staff overload.”
“Insufficient lead time to develop well thought-out forms and to explain purpose.”
“Lack of computer support.”
“Tack of adequate data processing to measure and collect performance data.”
Tack of good financial data.”
“Lack of performance data.”

Inherent in selection of this sample are at least two major methodological weaknesses. The identified obstacles to implementing changes in budgeting practices in a specific jurisdiction are the observation of one individual. This individual was often the person responsible for managing the implementation. It is quite likely more obstacles would be identified if
representatives of elected officials, line agency managers, data processing directors, and others participating in the implementation were included in the sample. Secondly, the sample was limited to those jurisdictions reporting “successful” implementation. It is plausible that certain obstacles were not identified since their existence precluded successful implementation of the budgetary reform.

None of the obstacles to implementing new budgeting systems identified through this survey come as a surprise. After all, being aware that the implementation of a new system requires training of personnel, a sufficient amount of time, adequate support services, and initial expense, is nothing more than good, plain “common sense.”

These findings support the thesis that there are many obstacles that must be anticipated when implementing a new budgeting system. Local officials should be aware that the decision to install a new system is only the first half of the battle. The careful development of a method for implementation is mandatory if the system is to achieve success.

**Phase Six**

Based upon the results of the first five steps in this research approach, the authors recommend that any local government contemplating implementing changes in the existing budgeting system could carefully evaluate the responses to the following questions:

<table>
<thead>
<tr>
<th>Legal and Other Objective Standards</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Incompatibility with existing local legal requirements</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>B. Incompatibility with existing state legal requirements</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>C. Incompatibility with existing state reporting requirements</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Uncertainties**

Are there obstacles to implementing the new system created by uncertainties of the consequences of the system? - -

**Importance of this Category to your Program**

To what degree is each of the following factors a possible obstacle to implementing your proposed program? Rate your program on the Magnitude of Implementation Difficulty Scale according to the following degrees:

1 = No obstacle caused by this factor
2 = Slight obstacle
3 = Moderate obstacle
4 = Major potential obstacle

- Lack of Sufficient Resources

A. Insufficient funds to implement the new system 1 2 3 4
B. Inadequate support/commitment from:
   1. governing body 1 2 3 4
   2. top management 1 2 3 4
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3. central staff
4. other staff agencies
5. line agency personnel
6. other (please specify)

C. Central staff personnel with inadequate skills for new system
D. Line agency personnel with inadequate skills for the new system
E. Insufficient support services (e.g., inadequate computer resources, insufficient computer time, etc.)
F. Insufficient time to properly implement the system
G. Accounting / management information system unable to provide appropriate information to support the new system
H. Insufficient resources to run two budgeting systems during the breakin period
I. Other resource constraints

Purpose Schedule and Instructions
A. Lack of understanding of purpose by:
   1. central staff personnel
   2. appropriate line agency personnel
B. Instructions/guidelines perceived to be unclear by recipients
C. The absence of an implementation schedule
D. The absence of clearly assigned duties and responsibilities
E. Other similar obstacles (please specify)

Interagency Coordination and Cooperation
A. Lack of interagency cooperation
B. The existence of interagency competition
C. Organizational inertia
D. The deliberate misinterpretation of guidelines

Characteristics/Disposition of Implementing Agency
A. Conflict with central staff traditions or standard operating procedures
B. Conflict with other line agency traditions
C. Other similar obstacles (please specify)
Disposition and Attitudes of Personnel

A. Resistance because of required change in employee behavior  
B. Resistance because of required change in employee working conditions  
C. Resistance because of perceived threat to employees’ jobs  
D. Resistance because of perceived threat to employees' prestige  
E. Resistance because of perceived conflict with employees' values  
F. Other obstacles created by employee attitudes (please specify)  

Characteristics of the New Program

A. Difficulties in demonstrating the relative advantage of the new system in contrast to the previous system  
B. The complexity of the new system  
C. Incompatibility of the new system with organizational needs  
D. Incompatibility of the new system with existing organizational accounting systems  
E. Incompatibility of the new system with existing organizational data processing system  
F. Obstacles caused by attempting to implement all at once, in all parts of the organization at the same time  
G. Obstacles caused by other (please specify) characteristics of the new system  

Citizen Reaction and Political Factors

A. General public reaction  
B. Reaction of organized interest group  
C. Adverse reaction of the governing body

As you can see, carrying out an implementation feasibility analysis merely involves asking a series of questions and noting the importance of the answers received. This procedure can, of course, be carried out by one person, yourself, or one of your chief administrative assistants. However, it is recommended that the responses to the questions that make up the Implementation Feasibility Analysis be obtained through a group of individuals, perhaps in a brainstorming situation. You should include individuals who are both knowledgeable about budgeting, implementing similar systems either in your jurisdiction or another jurisdiction as well as some people who are not so familiar with the system so that you can get a new perspective. It is usually shortsighted to only include insiders in a brainstorming session.
It is hoped that the questions posed by this paper, other officials' experiences, and the identification of potential obstacles to implementing new budgeting systems, will present a base from which to consider implementing budget reform, and be a major step in increasing the probability of successful implementation.

Resources

The Literature on Implementation which was scarce as late as 1973 (see Pressmen & Wildavsky Implementation, Berkeley, University of Calif. Press 1973) has become more numerous in recent years. Writings that suggest increased operation success through consideration during the planning phase of implementation difficulties include: Paul Berman "The Study of Macro & Micro Implementation," Public Policy, Vol. XXVI (Spring, 1978); Gordon Chase, "Implementing A Human Service Program: "How Hard Will it Be?" Public Policy, (Fall, 1979); Harry Harty et al., Program Analysis for State & Local Government Washington, D.C. (The Urban Institute, 1976); Jerry Meckling, "Analysis and Implementation: Sanitation Policies in New York City," Public Policy, (Spring, 1978); and Walter Williams and Richard F. Elmore, Social Program Implementation, (New York: Academic Press, 1976). Chapter XII.


Literature on the Stages of Budgeting Reform:


