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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. "

Ihara 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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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 theme 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;

*Successful implementation is said to occur when actual program outputs are similar to planned program outputs.

- 5) The **use** of this revised draft to survey approximately 50 jurisdictions, recently **under-**taking changes in **their** budgetary process;
- 6) **Finally**, based upon analysis of the survey results, the development of a **set of guide-**lines 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 **Shoe-**maker, 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) **Standard 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 likeli-**hood that implementors (subordinates) **will** act in a manner consistent with a program's **standards** and objectives. Besides controlling **budgetary** allocations, **superiors** in private organ-izations have the standard **personnel powers** of **recruitment** and selection; assignment and **re-**location; 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 **imple-**mentation 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 **lead-**ship, **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 auto-nomy, norms, and standard **operating procedures**. All of **these factors** could **serve** to **create ob-**stacles to program implementation.
- (5) **Disposition of the Implementors** — A program is implemented by people, so their **per-**ception 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 **re-**sponse **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. **complex-**ity, ability to observe results and **triability** 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.

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."

"Lack 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."

"Lack of adequate data processing to measure and collect performance data."

"Lack 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 obstacla to implcmcting new budgeting **systems** identified through **this survey** come as a surprise. After all, being aware that the implementation of a **new** system **re-quires** 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 obstacla 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 **recom-mend** that any **local** government contemplating implementing **changes** in the existing budgeting **system** could **carefully evaluate the responses** to the following **questions**:

<i>Legal and Other Objective Standards</i>	YES	NO
A. Incompatibility with existing local legal requirements	-	-
B. Incompatibility with existing state legal requirements	-	-
C. Incompatibility with existing state reporting requirements	-	-

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** aused 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. Inadquate support/commitment from:				
1. governing body	1	2	3	4
2. top management	1	2	3	4

- 3. **central staff** 1 2 3 4
- 4. **other staff agencies** 1 2 3 4
- 5. **line agency personnel** 1 2 3 4
- 6. **other (please specify)** _____ 1 2 3 4
- C. **Central staff personnel** with inadequate **skills for** new system 1 2 3 4
- D. Line agency personnel with inadequate **staff for** the new system 1 2 3 4
- E. **Insufficient** support **services (e.g., inadquate computer resources , insufficient** computer time. etc.) 1 2 3 4
- F. **Insufficient** time to properly **implement the** system 1 2 3 4
- G. Accounting / management information **system** unable to **provide** appropriate information to support the **new** system 1 2 3 4
- H. **Insufficient** resources to run two budgeting systems during **the breakin** period 1 2 3 4
- I. Other resource constraints 1 2 3 4

Purpose Schedule and Instructions

- A. **Lack** of understanding of purpose by:
 - 1. **central staff personnel** 1 2 3 4
 - 2. appropriate **line** agency personnel 1 2 3 4
- B. **Instructions/guidelines** percived to be **unclear** by recipients 1 2 3 4
- C. **The absence** of an **implementation schedule** 1 2 3 4
- D. The **absence** of **clearly** assigned **duties** and **responsibilities** 1 2 3 4
- E. **Other** similar **obstacles (please specify)** _____ 1 2 3 4

Interagency Coordination and Cooperation

- A. **Lack** of interagency **cooperation** 1 2 3 4
- B. The **existence** of interagency competition 1 2 3 4
- c. **Organizational inertia** 1 2 3 4
- D. **The** deliberate misinterpretation of **guidelines** 1 2 3 4

Characteristics/Disposition of Implementing Agency

- A. Conflict with **central staff traditions** or standard operating **procedures** 1 2 3 4
- B. **Conflict** with other line **agency traditions** 1 2 3 4
- C. **Other** similar **obstacles (please specify)** _____ 1 2 3 4

Disposition and Attitudes of Personnel

- | | | | | |
|---|---|---|---|---|
| A. Resistance because of required change in employee behavior | 1 | 2 | 3 | 4 |
| B. Resistance because of required change in employee working conditions | 1 | 2 | 3 | 4 |
| C. Resistance because of perceived threat to employees' jobs | 1 | 2 | 3 | 4 |
| D. Resistance because of perceived threat to employees' prestige | 1 | 2 | 3 | 4 |
| E. Resistance because of perceived conflict with employees' values | 1 | 2 | 3 | 4 |
| F. Other obstacles created by employee attitudes (please specify _____) | 1 | 2 | 3 | 4 |
-

Characteristics of the New Program

- | | | | | |
|---|---|---|---|---|
| A. Difficulties in demonstrating the relative advantage of the new system in contrast to the previous system | 1 | 2 | 3 | 4 |
| B. The complexity of the new system | 1 | 2 | 3 | 4 |
| C. Incompatibility of the new system with organizational needs | 1 | 2 | 3 | 4 |
| D. Incompatibility of the new system with existing organizational accounting systems | 1 | 2 | 3 | 4 |
| E. Incompatibility of the new system with existing organizational data processing system | 1 | 2 | 3 | 4 |
| F. Obstacles caused by attempting to implement all at once, in all parts of the organization at the same time | 1 | 2 | 3 | 4 |
| G. Obstacles caused by other (please specify) characteristics of the new system _____ | 1 | 2 | 3 | 4 |
-

Citizen Reaction and Political Factors

- | | | | | |
|--|---|---|---|---|
| A. General public reaction | 1 | 2 | 3 | 4 |
| B. Reaction of organized interest group | 1 | 2 | 3 | 4 |
| C. Adverse reaction of the governing body | 1 | 2 | 3 | 4 |

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 brain-storming 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 **brain-storming 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 & Wil-davsky *Implementation*, Berkley, 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 Wii it Be?" *Public Policy*, (Fall, 1979); Harry Hatry et al, *Program Analysis for State & Local Govern-ment* Washington, D.C.. (The Urban Institute, 1976); Jerry Mechling, "Analysis and Im-plementation: 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.

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