THEMES OF REFORM: STATE GOVERNMENT REENGINEERING EFFORTS
THROUGH FISCAL CRISIS AND AGENDA SETTING – 2007 TO 2012

A Dissertation in
Public Administration
by
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Submitted in Partial Fulfillment
of the Requirements
for the Degree of

Doctor of Philosophy

May 2013
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ABSTRACT

The economic recession from 2007 to 2009, also known as the Great Recession, and its post-recessionary period of tepid economic recovery through 2012, helped jump-start a national conversation in state capitals throughout the country on reforming state government. The fiscal challenges presented to state lawmakers to balance budgets in the wake of historic declines in revenue while equally historic demand of benefits offered by social safety net programs provided the focusing event and window of opportunity by which state governments sought to reengineer, redesign, reorganize, and reform the size, scope, services, systems, programs and processes of state government.

This study maps a typology of governance reform undertaken at the state level during and in the immediate aftermath of the economic recession of 2007. It applies multiple streams as a heuristic device for explaining the context and focus of state reform commissions. The study examines the individual reform efforts by states to articulate and synthesize the broader government reform themes against the backdrop of new budget realities and fiscal pressures.

Applying a qualitative research design methodology that utilizes content analysis, the research presents a descriptive model for state government reform commissions between 2007 and 2012. Reform proposals by state government commissions chartered to study government programs, systems, workforce costs, structures, policies, and political arrangements clustered around three broad typological groupings: People, Relationships, and Processes. A fourth grouping, Public Values, was integrated as a common thread found throughout each of the other three groupings, used by state taskforces and committees with dual informational and influencing roles as a mechanism to explain, and in turn, champion support for governmental reform proposals.
Titled the People, Relationships, Processes–Values (PRP-V) model, it identifies the thematic accretion of state government reform initiatives proposed to deal with the fiscal constraints following the national recession from 2007 to 2009 and in its wake through 2012. Contributing to the public administration literature, the research explains what thematic linkages, from a public administration and management framework, existed amongst states looking to reform state government.

This study adds to the rich tradition of reform as a component of the public administration and management field, tendering a positivist, descriptive model illustrating how state governments respond using a focusing event of a recessed economy – from an administrative, managerial, organizational, and institutional relationship and processes perspective – to fiscal and budget resource pressures.
TABLE OF CONTENTS

LIST OF FIGURES........................................................................................................................................... ix

LIST OF TABLES.................................................................................................................................................. x

Chapter 1. INTRODUCTION TO THE PROBLEM................................................................................................. 1
  Background....................................................................................................................................................... 1
  Purpose of the Study........................................................................................................................................ 4
  Significance of the Research............................................................................................................................. 5
  Overview of Heuristic Device and Methodology............................................................................................. 8
  Delimitations and Limitations........................................................................................................................... 11
  Outline of the Dissertation............................................................................................................................... 15
  Chapter Summary.......................................................................................................................................... 16

Chapter 2. LITERATURE REVIEW: FOUNDATION FOR THE RESEARCH DESIGN................................. 18
  Multiple Streams and Agenda Setting: A Heuristic for Descriptive Research............................................... 21
  The Problem Stream: Budget and Fiscal Environment Open the Windows of Reform................................. 25
    The Recession and State Revenues................................................................................................................ 26
    Role of Fiscal Federalism in State and Local Budgeting............................................................................... 32
    State and Local Government Legacy Costs................................................................................................ 43
      Public Employee Pension Funds................................................................................................................ 44
      Retiree Health Care Benefits...................................................................................................................... 47
    State Spending by Policy Area and Category: Following the Money Trail............................................... 50
    Problem Stream Summary............................................................................................................................ 56
  The Politics Stream: Political Institutions and Environment of the States.................................................... 58
    Political Institutions: Balanced Budget Requirements, Rainy-Day Funds, and Supermajority Votes... 60
    Professionalization and Technical Capacity for Fiscal Policy Analysis.................................................. 65
      Policy Analysis and Technical Capacity................................................................................................. 66
      Legislative Professionalism and Technical Capacity ............................................................................. 70
      Capacity Gap and Revenue Estimating During the Recession.............................................................. 74
    Political Crosswinds and Currents................................................................................................................ 76
    Politics Stream Summary.............................................................................................................................. 83
  The Policy Stream: Reformist Themes within Public Administration and Governance............................ 85
    Reform as a Theme in the Foundations of American Governance......................................................... 86
    Historical Approach to Reformist Theme of American Governance...................................................... 87
    Typology Approach to Reformist Theme of American Governance...................................................... 92
    Governance Values of Reform from an Historical Context..................................................................... 94
Collective Bargaining...................................................................................... 177
Legacy Costs.................................................................................................. 178
Summary: State Reform Themes and Trends (People).................................... 183

State Reform Themes and Trends: Relationships........................................... 186
Intergovernmental Relations (IGR)................................................................. 187
  IGR: State-Local and Intra-State................................................................. 188
  IGR: Inter-State......................................................................................... 195
  IGR: Mandate and Regulatory Reform...................................................... 197
  IGR: Number of Local Political Subdivisions.......................................... 201
Fiscal Federalism............................................................................................ 203
State Budgeting and Fiscal Management...................................................... 207
  Budget Process.......................................................................................... 207
  Inter-Fund Transfers.................................................................................. 209
  State-Local.................................................................................................. 211
Revenues......................................................................................................... 215
  Fees and Taxes......................................................................................... 216
  Securitization, Sale, and Lease of State Owned Assets.............................. 219
Summary: State Reforms Themes and Trends (Relationships)......................... 221

State Reform Themes and Trends: Processes............................................... 225
New Public Management (NPM)..................................................................... 227
  Economies of Scale: State Procurement..................................................... 227
  Privatization and Contracting Out............................................................. 232
  Liberation and Entrepreneurial Management............................................ 236
Performance Management............................................................................. 238
Re-Engineering Bureaucracy......................................................................... 241
  Reorganizing Bureaucratic and Program Architecture............................... 242
  Functional Consolidation of Administrative and Program Services............ 259
  eGov, iGov, and IT Systems....................................................................... 264
Insourcing........................................................................................................ 274
Space Utilization............................................................................................. 275
Energy and Efficiency Upgrades to State Owned Facilities............................ 277
State Employee Travel................................................................................... 278
State Vehicle Fleet......................................................................................... 279
Summary: State Reforms Themes and Trends (Processes)............................. 281

State Reform Themes and Trends: Public Values.......................................... 282

Exploratory Research Question..................................................................... 290
  Descriptive Model of State Government Reform Commissions: People,
  Relationships, Processes-Values (PRP-V) Reform Model............................ 290
  Exploratory Hypothesis 1a......................................................................... 296
  Exploratory Hypothesis 1b......................................................................... 297
  Exploratory Hypothesis 1c......................................................................... 297
  Exploratory Hypothesis 1d......................................................................... 298
Chapter 4 Summary.................................................................................................................. 299

Chapter 5. CONCLUSION........................................................................................................ 301

Fiscal Crisis and Agenda Setting............................................................................................. 302
A Descriptive Model for State Government Reform Commissions....................................... 304
What the Reform Model Leaves Out...................................................................................... 310
  Single Focus Studies.............................................................................................................. 310
  States Lacking a Reform Commission.................................................................................. 311
  Citizen Engagement............................................................................................................. 313
  New Public Service vs New Public Management................................................................. 313
Agenda for Future Research.................................................................................................... 316
  Introducing Variables for Hypothesis Testing...................................................................... 317
  Policy Implementation.......................................................................................................... 319
Summary.................................................................................................................................. 321

References............................................................................................................................... 324
LIST OF FIGURES

Figure 1 – Issues Mentioned by at least 66% of Governors in State of State Addresses, 2007 –2012 .......................................................... 30

Figure 2 – Total State Spending by Fund Source, Fiscal 1987 to 2009 ................................................................. 36

Figure 3 – General Fund Spending Declined Since 2008 While Federal Funds Increased Due to Recovery Act .......................................................... 40

Figure 4 – Top Fiscal Issues for 2011 Legislative Sessions ................................................................. 51

Figure 5 – Total State Expenditures by Function, Fiscal 2009 ................................................................. 52

Figure 6 – Total State Expenditures by Function, Estimated Fiscal 2010 ................................................................. 53

Figure 7 – General Fund Expenditures, Fiscal 2009 ................................................................. 54

Figure 8 – Composition of Total State Expenditures by Function, Fiscal 1987 to 2009 ................................................................. 56

Figure 9 – Multiple Streams Reform Triad ........................................................................ 147

Figure 10 – People, Relationships, Processes–Values (PRP-V) Reform Model ................................................................. 292

Figure 11 – Descriptive Model of State Government Reform Themes, 2007–2012: PRP-V ................................................................. 296
LIST OF TABLES

Table 1 – State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2012, State
and General Fund................................................................. 27

Table 2 – State Institutional Factors Affecting Fiscal Policy and Budgets................................. 61

Table 3 – Less-Idealized Perspectives on Performance Measurement...................................... 122

Table 4 – Construct and Coding.................................................................................................. 144

Table 5 – Listing of State Reform Reports, 2007 – 2012.......................................................... 149

Table 6 – State Reform Themes and Trends (People)............................................................... 158

Table 7 – State Reform Themes and Trends (Relationships)...................................................... 187

Table 8 – State Reform Themes and Trends (Processes).......................................................... 226

Table 9 – Public Governance and Administrative Management Values Theme in the Title
or Name of State Reform Commissions / Reports................................................................. 284

Table 10 – Public Governance and Administrative Management Values Theme in the
Introduction, Preface, or Executive Summary of State Reform Commission Reports.............. 286
Chapter 1

Introduction to the Problem

“There is no question that states are going to be considering changes that in some cases could be dramatic…This recession has cut too deeply.” – Susan K. Urahn, Managing Director of the Pew Center on the States.

Background

As a heuristic of the policy process, multiple streams constructs a model of agenda setting to explain the process of public policy debate and formulation. The heuristic consists of three independent streams – problem, politics, and policy – that, when coupled, explain agenda setting and policy making. Windows of opportunity for policy change and reform open when a focusing event or crisis serves to sharpen the attention of lawmakers on a particular policy problem or set of related policy issues. The politicization of policy problems, particularly in the context of a focusing event, as well as overall shifts in political mood or sentiment, rations the attention of elected officials so that public policy energies and efforts are directed to the problem currently on the policy agenda. Policy solutions are drafted and proposed to remedy the problem during the ensuing policy window created by placement of the issue on the agenda. The policy windows within which politicians have the ability to enact legislation are typically small and often fleeting. However, depending on the magnitude of the focusing event, and when amplified by coalescing political factors around a given issue, they also present an opportunity in which major government reforms may occur (Kingdon, 1995; Zahariadis, 2007).

The fiscal condition and health of state governments across the U.S. were significantly impacted by the extent and depth of the recession in 2007 (Sigritz, 2010). The economic downturn acted as a triggering event to focus state lawmakers on the entirety of state government functions, and scrutinize the panoply of government spending on the public programs and
services it delivers to its citizenry. Pressures on budgetary resources grew as tax revenues dissipated and the demand for an array of services grew, from unemployment to rising healthcare and pension costs. With little appetite for increased taxes, no longer could states rely on creative accounting to balance budgets. The recession reified the need for the cuts in public spending, programs, and services in order to close budget gaps. From a fiscal and budget perspective for state and local governments, the recession brought from the abstract to the concrete what many American families were also experiencing in their personal lives. In their State of the States report published for 2010, the Pew Center on the States looked at how the recession might change state government in the U.S., summarizing the legacy the recession will leave on state governments while also demonstrating the magnitude of the fiscal challenges confronting states as they enacted policies and worked to recover economically:

   Around the country, the worst economic downturn since the 1930s forced states to consider new ways of thinking about what could be a slimming down of government lasting several years. Once states get past the immediate crisis of plugging record-high budget gaps, they will confront the likelihood that the recession will impose permanent changes in the size of government and in how states deliver services, who pays for them and which ones take priority in an era of competing interests.

   States have weathered the ups and downs of 10 economic slumps since World War II, but none with the scope of the Great Recession. Its toll can be measured with a big number: the more than $300 billion in budget gaps states have faced since the start of the recession in December 2007 (The Pew Center on the States, 2010, pp. 1-2).
In response to such seismic shifts in not only new economic and budget realities for state
government but also accompanying changes in the national political mood, many state
governments embarked upon reform and redesign efforts aimed at increasing efficiency while
reducing costs by reassessing government’s core functions, structures, institutions, and policies.
Indeed, a number of states have taken on government reinvention, redesign, and reform
initiatives reminiscent of those that occurred at the federal level during the early and mid-1990s
as an approach for dealing with such protracted fiscal and budget crises. Traditional public
administration values of improved efficiency, performance and reduced costs have taken on
renewed political importance and surface as the overarching public management competencies
such restructuring efforts seek to attain. Under the banner of fiscal strain and budget gaps,
downsizing, making government leaner, and doing more with less have manifested themselves as
the prevailing public management reforms with popular political appeal leftover from the
previous government reinvention efforts of the mid and late 1990s. Reforms have not been
simply relegated to a singular administrative focus. Issues of policy and constitutional change
have also permeated equally throughout.

It is against this backdrop that the question from a public administration standpoint
emerges: how have state government reform commissions and initiatives responded to the most
recent economic crisis in the context of revising the political, fiscal, and bureaucratic roles,
functions, and organizations responsible for the delivery of public services and implementation
of public policy? Building upon that foundational premise, to what extent does the current
reform push amongst state legislatures and governors signal a shift towards a larger recalibration
of the public administration, management, institutional, and policy dimensions of state and local
governments? And finally, how are those reforms being articulated and conceptualized? These are the key questions that this study looks to answer.

This dissertation seeks to determine common threads and themes woven throughout the restructuring and reform efforts being proposed by state governments across the nation in the years leading up to, during, and following, the recession. Using multiple streams as a heuristic, specifically its three streams and the notion of a focusing event for explaining the context in which reform commissions were created, this dissertation will attempt to chart a typology of reform that is representative, in the aggregate, of state governments’ policy solutions to the political and fiscal pressures brought about by the most recent economic recession. As the research sets out to develop a descriptive framework of state government reform and mutability understood through the application of multiple streams, the heuristic promises to prove particularly useful in explaining how such reform initiatives have been placed on the policy agendas of so many state governments throughout the U.S. Thus, in the context of the multiple streams, state government reform, redesign, and restructuring proposals signify the policy stream, while the problem and politics streams are constructed against the backdrop of the recession, and the ensuing governance milieu whereby the political and popular social climates are largely eager for change and reform that reduces the size and scope of government.

Purpose of the Study

The overarching aim of the study is to conceptualize the substantive tenets of reform that delineate the political, fiscal, and administrative principles and recommendations for government mutability at the state level. The purpose of the study is twofold: First, it seeks to identify the government and public administration reform themes and typologies which emerge at the confluence of various state government reform commissions and agencies formed during and in
the wake of the recession of 2007. In this economic milieu, how have states responded – from a public administration, institutions, and policy reform perspective – to the ensuing fiscal and budget challenges? It uses content analysis to synthesize a model and typology of public administration and government reforms in the context of state budgetary and fiscal crisis. Linking this purpose to the heuristic device being applied, multiple streams, it sets out to develop, integrate, and articulate the policy streams being proposed by governors and legislatures alike in reforming state government.

The second goal is to examine the convergence of those reform themes emerging from the content analysis in the broader context of the reform tradition within public administration, and prevailing normative paradigms that address political, fiscal, and administrative perspectives within the literature. Using content analysis, the study first aggregates and evinces the reform recommendations being proposed by state legislatures and governors pursuing both redesign and restructuring efforts focusing on the political, institutional, constitutional, fiscal, and management components of government. Once a construct of state government reform themes is distilled, those reform tenets will then be measured as to how well they comport with, and manifest themselves in, various perspectives within the field of public administration and management. Looking to the broader public administration literature to provide constructs and perspectives that explicate and expound upon the reform principles which emerge from the content analysis of state government restructuring commissions, given the political and economic contexts of the recession and post-recession era for government, articulates this second goal.

Significance of the Research

A study of the public administrative reform principles emerging from a content analysis of state government reform commissions is important for three reasons. First, reform as a topic
within the field of public administration enjoys a rich and broad academic history. Its interrelationalship to the discipline as a whole is evident from not only the scholarly and academic perspectives, but also from the practitioner experience. Second, given the cumulative nature of public administration, an analysis of the tenets of reform that emerge through the focusing event of economic crisis is important in contributing to the field as a whole by helping to better understand how reform affects, and is interwoven throughout, the attitudes and approaches that shape the implementation of public administration. Public administration, as a self-aware field of academic study, evolved out of and shares its roots in, the political and social movements of the Progressive era during the latter part of the 19th century. A study looking at governance reforms and state government mutability is important in that the field as a whole is cumulative. Research accumulates in the hopes of informing both political leaders and administrators alike as to how to best improve government agencies and bureaucratic institutions that provide public services in adherence to, and conformance with, the public interest. Consequently, even in the narrowest of designs, research that informs the topic of government and public management reform is particularly relevant in adding to the rich tradition that is the reform theme within public administration.

Third, this particular research on government reform is significant in that it will seek to incorporate what I term both space and time relationships. That is, space in terms of reform recommendations at the state level of government, and time in terms of reform efforts initiated in the context of budget and fiscal crisis as the focusing event. The public sentiment engendered towards government against the backdrop of a caustic, polemic political environment and strained fiscal order adds an interesting dimension to the study. In seeking to defend its significance to the larger field, the study’s value is further found in its ability to broaden public
administration’s understanding of reform in the context of certain political and economic conditions, and how they relate to the larger ideals of American democratic ideals and values in governance.

As the overarching goals of the study are to develop a series of principles of reform emerging from state government reform commission recommendations and analyze the tenets of that construct against the backdrop of political and managerial perspectives within the larger public administration literature, the milieu of the research goes a long way towards making the study significant in that the analysis is undertaken in the most severe downturn in the U.S. economy since the Great Depression. As a result, questions of political and public values and ideologies for government administration materialize as central avenues of inquiry as the reformer’s objectives for restructuring state government manifest themselves in the synthesis and distillation of the variegated reform recommendations.

While it is anticipated that the model of reform principles that emerge will resemble and be explained in the context of core, historical public administration concerns such as fairness, transparency, accountability, efficiency, equity, effectiveness, competence, responsiveness, and representativeness, it is also nonetheless important to understanding if and how the reform typology relates to the political, ideological, and economic climate of the reform actors. Such actors encompass both elected public officials seeking change and mutability in state government as well as the public citizenry in general, and their responsiveness to and participation in government reform processes. Injecting aspects of dogmatic political ideologies, public opinion, and voter support evinced by actions at the ballot box for government reforms serves to further solidify the research, particularly when analyzing a reform model that seeks to filters out trivial, populist driven reforms relative to more academically grounded concepts and tenets.
Indeed, the history of public administration scholarship and practice reflects a strong vein and tradition of government mutability and reform. The reform theme serves as an integral component woven throughout the fabric of the public administration discipline as a whole. A study that seeks to add to the public administration and management reform literature, particularly at the state level, and in the context of the political and fiscal milieu of a depressed economy, is entirely germane given its latent ability to contribute to the field of knowledge and cumulative nature of scholarship and research in the discipline. Because of these factors, and given reform’s central role to governance and the delivery of public services, this research is of fundamental importance to the field of public administration.

**Overview of Heuristic Device and Methodology**

Public officials and political leaders alike have sought to reform government since our nation’s founding. Thus, from a generic lens the study and analysis of its results will be couched in reform’s historical context within the larger public administration literature, and in particular, its narrower subfield of public management. As a heuristic of the policy process, multiple streams and agenda setting is introduced to help explain the political and problem dimensions underscoring the policy and government reform initiatives that were underway at the state level during and in the three years immediately following the recession. In so doing, my goal is to present the academic and theoretical substance that will inform the analysis and consideration of its results.

Multiple Streams theory, though labeled as one, is argued by some critics as not being a theory at all but rather more useful for heuristic purposes. It is in this vein, as a heuristic and not a formal theory, in which multiple streams is applied and used as a heuristic device to describe the environment in which states formed reform commissions between 2007 and 2012. Multiple
streams and its component parts, in particular, the three streams and the idea of a focusing event, are aptly useful for explaining the focus for which state reform commissions were created.

The reform typologies that synthesize from the analysis will be measured against the backdrop of core concerns central to the field of public administration and governments and the various perspectives and frameworks that have been developed to address such concerns. For example, New Public Management (NPM) as a paradigm of administrative management in the public sector will be discussed given the similarities between when the construct was being first developed and fine-tuned by practitioners and academics with that of the political and economic milieu that is the germane to this study. As a recent reform movement that promises staying power and relevance to the field of public administration moving forward, the Performance Management perspective will also be detailed given what is expected to be its influencing factor on state government reform proposals.

The literature review chapter will recount reform’s relationship to public administration using the vehicle of both political and historical developments. Core issues central to the discipline, foci of transparency, accountability, efficiency, equity, effectiveness, competence, expertise, responsiveness, and representativeness, with which various paragons and normative constructs of public administration have been developed to address, will be delineated. A heuristic of the policy process used for agenda setting to explain the reform initiative is also provided.

Pivoting from the heuristic framework previously discussed, the study will be rooted in qualitative research design methodology and utilize content analysis as the method for accomplishing the research agenda. Content analysis “classifies textual material, reducing it to more relevant, manageable bits of data” (Weber, 1990, p. 5). As a research method, content
analysis rests on the notion that text can be deduced and classified into a smaller number of content categories based on inferences made by the researcher regarding the word content of the text (GAO, 1996; Weber, 1990). The applicability of content analysis as a research method extends to a number of research purposes, from identifying trends in content to reflecting cultural patterns of groups or institutions (Weber, 1990). A GAO (1996) report on the various aspects of content analysis notes that this research method is particularly useful when dealing with large volumes of written material from a collection of diverse and unstructured sources.

In applying the research goals of this study, content analysis is thus well-suited for conducting the research. It seeks to not only deduce trends and themes in the variegated mix of state government reform commissions, but also identify and explain those themes from the political and problem settings that provide the substantive background in the context of latent political institutions, ideologies, and values underlining the reform themes. Further, given the disaggregated, unique, and non-uniform nature of each of the states’ approach to reforming state government and policy programs, the application of content analysis offers a fitting and powerful research method when compared to the ambitious complexity of the research tasks at hand in this study.

It is through the process of coding that content analysis becomes a means for systematically analyzing documents and text in order to distil large quantities of written policy narratives into a few content related categories (Weber, 1990; GAO, 1996). The detailed research design is developed in chapter three, and includes an outline of content analysis’ coding classification process used in this research. Primary data will consist of the reports and policy proposals published by each state’s government reform commission or committee whose chartered mission is the study of government operations with an eye towards reform. Though the
exact charge and goals of each commission may vary somewhat, it is nonetheless expected that at their most basic level each has the overarching goal of recommending government and public program reform proposals that will improve efficiency in the delivery of government services and result in fiscal savings to the taxpayer. Summarizing and describing in the aggregate a typology of reform themes pursued by state capitals across the U.S. remains the principal goal of the research.

**Delimitations and Limitations**

This is a comparative state study. Attempting to aggregate, distill, and subsequently merge the reform themes emanating from each of the states into one larger reform model that captures state government’s redesign and restructuring efforts, this research analyzes state government reform initiatives in the broader context of the national political and economic milieu. As such, the problem and politics streams are illustrated against the backdrop of superseding national trends; specifically, the economic recession’s overall effects on the states’ fiscal conditions as a whole, their subsequent recovery, and the prevailing political factors and ideologies influencing the policy and governance debates within state capitols across the country. Indeed, some states’ economies have proven more adept at weathering the most recent recession, as well as resoundingly resilient in terms of being able to recover from its fiscal effects. For those specific states, reasons for such resiliency can be found in a number of different factors (e.g., housing market conditions, labor market conditions, size of budget stabilization or rainy-day funds).

However, while the magnitude of the fiscal stress was not spread evenly throughout each state, none proved completely immune to the economic recession. In that context, depiction of the problem and politics stream herein is a reflection of, as well as enmeshed with, the study’s
larger overall purpose of a comparative state model and approach. Because the research looks at state government reform in the aggregate, attention will not be focused on individual circumstances where individual states significantly deviate from the national fiscal and political trends pervading and suffused throughout the nation. Rather, reform as a theme permeating within state capitols across the country in the broader perspective will be modeled.

A further delimiting component of the research is its focus on the reform across the larger swath of government functions, programs, and policies at the state level. Excluded from the study are state reform commissions chartered with a singular issue focus or for narrower public policy program purposes (e.g., transportation, higher education, health care), and not inclusive of the larger universe of commissions relegated to studying a specific policy area. Only those state reform reports with a mandate or charge to examine the broader reach of state programs and policies across the entirety of state government in the wake of the 2007 financial crisis will be included in the research. As such, single focus studies by states are not included in the research.

Lastly, a final limiting consideration of the research meriting explanation is the time period upon which the study will focus, and from which its data will be drawn: fiscal years 2007 to 2012. While economists and government economic indicators demonstrate that the recessionary period of economic activity now referred to as the Great Recession began in December, 2007 and technically ended in June, 2009 (Pear, 2011), its effects on state government finances have proved more enduring than the time at which national gross domestic product (GDP) showed two consecutive quarters of economic growth (economists’ technical definition that signals a recession has ended). Cost-saving and restructuring measures remain a mainstay of many state budget balancing techniques as shrunken revenue streams persist when compared to that of pre-2007. Falling income levels, and high unemployment rates, with some
states still in double-digits during this time frame, continue to rebound at pace much slower than policymakers and legislators have hoped (Pear, 2011).

Limiting the time period in which the study will analyze state government mutability and reform as a response to the recession is done for a number of reasons. First, this study is being undertaken while the lingering effects of the recession remain a reality for not only many American families, but state governors and legislatures across the country. This, in turn, presents a unique challenge that in essence forces the imposition of a limiting time period. Choosing to look at state government responses through 2012 is selected so as to incorporate the fullest complement possible of state government proposals or actions in dealing with the budgetary and fiscal fallout of the recession, both during and post-recession. Given the autonomous nature of state governments, the lag time in the collection of economic data that helps inform legislative and executive responses to negative periods of the business cycle, high turnover of elected state officials following the 2010 elections with a perceived political mandate for reforming government spending, and a bureaucracy that is sometimes slow to act or react, the five-year time period of 2007 through 2012 allows for the capture of those state responses that may be couched in the specter of the recession yet may not have come in the immediate aftermath of its beginning in 2007, or subsequent ‘technical’ end in June, 2009. Further, as a May, 2012 report signals, economic data and forecasts for fiscal year 2012 suggest that the worst of the 2007 recession may finally be over in terms of the impact on states' revenues. The National Conference of State Legislatures (NCSL, 2012) reports that 29 states expect to end the 2012 fiscal year with a budget surplus of approximately $9.1 billion. With state officials expressing cautious optimism, fiscal year 2012 “marks the first time since the onset of the 2007 recession that so many states will have unspent funds” (Bloomberg, 2012). The Bloomberg articles serve
to place the extent to which the recession acted as a watershed economic moment and focusing event in terms of prompting state government reforms to dealing with the magnitude of the downturn. The Bloomberg piece (2012) observes, “The improving financial outlook lessens the need for state officials to make the spending cuts that have exerted a drag on the economy since it emerged almost three years ago from the worst recession since the Great Depression. States have closed more than $500 billion of budget deficits over the last four years by raising taxes, cutting jobs and curbing spending.” Such a recovery, albeit slow, in revenues for state governments in 2012 lends additional support to the 2007 through 2012 period as the focus of the research's effort for state government reform patterns and themes.

This period also aligns with the expiration of the main portion of federal stimulus funds that were appropriated to state and local governments to provide counter-cyclical federal spending to help buttress the loss in revenue streams. Not coincidentally, federal stimulus funding to the states by way of the American Recovery and Reinvestment Act were targeted to assist or supplement state spending in the major categories of spending by program at the state level: education at $89.8 billion, and healthcare via Medicare/Medicaid at $89.7 billion (CEA, 2010; Recovery.gov, 2012). Limiting the period of the research from 2007 to 2012 will allow the analysis to capture state reform efforts as a response to the financial crisis that might otherwise have been omitted given the magnitude of federal stimulus targeted to the state level.

State government’s reliance on stimulus funds to balance budgets and fill revenue gaps experienced during the economic downturn could have had the effect of delaying executive and legislative branch cost-cutting or government program reform measures as the Recovery Act offered an avenue by which politically unpopular spending cuts or tax decisions could be postponed until fiscal necessity required action. The 2007 to 2012 temporal context therefore
accounts for the possibility of political stall tactics with regards to revenue and spending decisions by inclusion of a time period in which such actions would have most likely occurred. Further, it reinforces the underlying tenets that define how policy actions occur within multiple streams; that is, windows of opportunity open when a focusing event or crisis serve to sharpen the attention of policymakers to an issue at hand, thus forcing the item on to the policy agenda with policy answers that are palatable within the given political context. As the Pew Center’s 2010 *State of the States* report notes:

> Even as the economy slowly heals, history shows that the worst budget crunch for states comes in the year or two after a recession ends and that a full recovery can take years.

> Magnifying the problem facing states, the federal stimulus dollars that helped plug almost 40 percent of budget holes will start drying up at the end of 2010. (p. 2)

> The recession has proved its overall staying power in dampening economic growth forecasts following the recession and providing for a “jobless recovery,” campaign fodder for politicians both Democrats and Republicans alike in election and campaign cycles. Thus, for the purposes of this research data concerning state government reforms proposals as a response to the financial crisis brought about the recession will be relegated to the period of 2007 to 2012.

**Outline of the Dissertation**

The remainder of this dissertation is structured as follows. In chapter two, a detailed review of the literature is conducted in order to develop the categories and narratives of reform themes to be identified and uncovered during the content analysis. Because the study uses multiple streams and agenda setting as the heuristic in which the research is couched, its component streams offer a useful format for structuring the literature review. The literature review dissects each of the three streams of multiple streams separately to analyze state
government reform efforts during and following the recession in the context of the problem stream, politics stream, and policy stream respectively. Focusing on research design, chapter three details specifics of the methodology and methods employed in the research. An exploratory research question, exploratory hypotheses, research setting, and selection of data collection measures supporting the content analysis are outlined for the reader. Chapter four reports the findings of the research, while chapter five concludes with a discussion of the results of the research in the larger context of the public administration discipline, and maps a research agenda moving forward regarding state governance reform efforts.

**Chapter Summary**

This chapter served to provide the contextual background of the study. It introduced the policy analysis heuristic to describe the environment in which the research will be conducted – multiple streams. Using the focusing event of fiscal and budget crisis caused by the recession, the chapter began to develop the politics and problem streams to explain how the topic of reform, from changing political and institutional characteristics to administrative and institutional structures, was placed on the policy agenda of state governments for directing the focus of state reform commissions. Against the backdrop of economic distress caused by the economic downturn of 2007, the problem and politics streams coupled to force legislators, governors, and the public alike to charter reform commissions and agencies to study governance and policy changes that would reduce costs and improve efficiency. Given the depth of the recession and its impact on state budgets and resources, recommendations for reforming state government have further proved to run the gamut across the fifty state legislatures and governors’ offices, from assessing policies and programs, to political institutions and structures.
The chapter also identified the purpose of the research, while also identifying its place, significance, and importance within the larger field of public administration. At its core, the research seeks to uncover a typology of reform themes that emerges at the confluence of various government and policy reform initiatives being proposed at the state level. Reform as an overarching theme that manifests itself as a policy solution to dealing with the fiscal stresses within state governments caused by the 2007 recession is explained through the policy process lens of the multiple streams heuristic. Once a descriptive model of reform is conceptualized, its tenets will then be discussed in the context of the broader reform tradition, as well as various administrative, management, and policy perspectives within the field of public administration and policy. An overview of the research methodology to be utilized was covered, intending to serve as a prelude to establishing a more robust development of the research’s detailed design components and methods in the latter chapters. Finally, the chapter concluded by acknowledging the study’s delimitations and limitations as well as charting an outline for the remaining chapters of the dissertation.
Chapter 2

Literature Review: Foundation for the Research Design

Public officials and political leaders alike have sought to reform government since our nation’s founding. Thus, from a generic lens the study and analysis of its results will be couched in reform’s historical context within the larger public administration literature, and in particular, its narrower subfield of public management. To inform and add scholarly context to the research, the intent is to identify the relevant public administration and policy reform literature and relate it to the broader reform theme within the public administration field. The reform typologies that synthesize from the analysis will be measured against the backdrop of core concerns central to the field of public administration and governments, and the two perspectives or frameworks that have been developed to address such concerns. New Public Management (NPM) as a paradigm of administrative management in the public sector will be discussed given the similarities between when the construct was first developed and fine-tuned by practitioners and academics with that of the political and economic milieu that is the focus of this study. As a recent reform movement that promises staying power and relevance to the field of public administration, the Performance Management perspective will also be outlined given what I expect to be its significant influencing factor on state government reform proposals. Finally, multiple streams will be introduced as a heuristic for understanding how the policy and government reform initiative was undertaken at the state level during and immediately following the recession. By dissecting multiple streams to each of its individual streams, the literature review will act to inform the reform recommendations and proposals, a core component of this research.

This literature review chapter will recount reform’s relationship to public administration using the vehicle of both political and historical developments. Core issues central to the
discipline – foci of transparency, accountability, efficiency, equity, effectiveness, competence, technical expertise, responsiveness, and representativeness – with which various paragons and normative constructs of public administration have been developed to address, will be delineated. The literature review provides not only the theoretical understanding that serves to inform the reform themes, but also explore how various factors and relationships given the composition (i.e., political, ideological) of the state reform commissions could potentially affect the reform themes that emanate from each.

For heuristics purposes, multiple streams provides a useful reference from which to study, organize, and subsequently understand the factors that go into policy formulation. The critical examination of a public policy topic necessarily requires a complete and thorough understanding of the problem if solutions and remedies are to be offered. With multiple streams, this same logic equally extends to the focusing event which contributed to framing the factors and environment that facilitated placement of the issue on the decision agenda for deliberation and study. Public policies and programs rest directly at the intersection of politics as well as budgets, which are a reflection of the resource priorities and allocations of government (Wildavsky and Caiden, 2004). One cannot be discussed independent of the other given their inherent linkage, and the influencing forces politics exerts on prioritizing resources in what is at its core, governmental budgeting. Accordingly, this chapter focuses on development of the problem, politics and policy streams; that is, the fiscal and political environments of the states that have largely manifested themselves in the budget gaps caused by the recession, and how past reform efforts and traditions within public administration and governance can act as an indicator of future initiatives on the part of state governments.
This chapter is structured accordingly. First, the central tenets of multiple streams and agenda setting heuristic are established for the reader. Following the heuristic’s introduction and concepts central to its development, each stream of the framework is taken in turn, whereby state government reform commissions during and in the immediate aftermath of the recession are applied through the lens of multiple streams and agenda setting. Sections for each of the streams – problem stream, politics stream, and policy stream – are used to construct and inform the subsequent research design outlined in chapter three.
Multiple Streams and Agenda Setting: A Heuristic for Descriptive Research

Policy analysis, from a political science and public administration orientation, seeks the development of theoretical frameworks that both describe and prescribe public policy solutions to the problems of society and government. As a field, there exists no dearth of theories or heuristics for explaining and analyzing the public policy process (e.g., Meier, 2009). Indeed a variegated array of theoretical lenses and frameworks are available to the public administration scholar for analyzing and explaining actions, behaviors, and phenomena within government. Nonetheless, this dissertation incorporates the policy heuristic of multiple streams and agenda setting to provide a framework around which to structure the paper’s discussion of the policy actions and responses by state legislatures and governors across the country from 2007 to 2012 to new fiscal and spending realities following America’s worst economic downturn since the Great Depression.

A useful method for articulating various frameworks of policy analysis is to group and dissect them typologically along a rational-economic and non-rational-political dichotomy. Within such a simple dichotomy, multiple streams and agenda setting as a heuristic of policy analysis offers a framework principally grounded as a non-rational approach to policy formulation. Though these heuristics too seek to bring an ordered, systematic and scientific study to public policy, their premises are nonetheless built primarily on political constructions. It is in this philosophical vein within public administration that multiple streams and agenda setting can be viewed as comporting well within the non-rational typology of policy analysis. The streams approach is developed briefly below to help illustrate and contrast its non-rational aspects in defining this dimension of the policy analysis field. As will be demonstrated in the following literature review, its policy stream dimension lies at the confluence of the problem and politics
streams to offer context and texture that serves to ultimately inform the policy reactions of state
governments to the fiscal challenges presented in the wake of the recession.

Kingdon’s (1995) streams construct represents an adaptation of the “garbage can model”
to describe the agenda setting process that leads to public policy formulation (Sabatier, 1999,
2007). His theory provides a useful reference from which to couch this analysis given that: it is
applicable to a “wide variety of policy arenas” (Sabatier, 1999, p. 9); it is “expandable to the
entire policy process”; “it incorporates an enlarged view of policy communities”; and “it gives a
prominent role to substantive policy information about real world problems and the impacts of
previous governmental interventions” (Sabatier, 1991, p. 151).

The heuristic consists of a framework of three independent streams to explain agenda
setting and policy making. Kingdon (1995, p. 3) defines agenda as “the list of subjects or
problems to which government officials, and people outside of government closely associated
with those officials, are paying some serious attention at any given time.” The first stream is the
problem stream. The problem stream focuses on information and data relevant to the policy
topic’s identification as an issue and condition of concern (Kingdon, 1995). Problems are
typically defined relative to someone’s ideals or values (Kingdon, 1995).

The policy stream is the second stream. It represents the “soup of ideas that compete to
win acceptance in policy networks” like state legislatures (Zahariadis, 2007, p. 72). This stream
consists of the advocacy community, whom Kingdon (1995) refers to as “specialists.” Specialists
include policy participants – proponents, researchers, and experts – whose principal purpose is
the formulation of possible policy solutions and alternatives that are both technically and fiscally
feasible (Kingdon, 1995). The third stream is the politics stream. The politics stream
encompasses factors such as elections, elected officials, shifts in national mood and public
opinion (Kingdon, 1995; Zahariadis, 2007). It refers in general to the dynamics which constitute the political climate that determines the decision agenda; that is, the forum in which problems and policies may be addressed (Mucciaroni, 1991).

Each stream will often advance independent of the others within the political environment. However, it is the confluence of the streams often operating through some “focusing event” in which policy advocates seize a “window of opportunity” to catapult the issue to the decision agenda for debate and active decision making (Kingdon, 1995). As Zahariadis (2007, p. 74) notes, “Windows are opened by compelling problems or by events in the political stream,” with coupling of the streams occurring when windows are open and given policy makers and entrepreneurs in positions of power perceive the political stream is ripe to exploit in advancement of policy goals. Policy windows within the multiple streams framework represent the opportunity that allows for the implementation of a politically viable, technically practical, and fiscally feasible solution of policy formulation to tackle the issue (Kingdon, 1995; Sabatier, 1991, 2007). In the context of this research, the financial crisis and subsequent economic recession of 2007 constitutes the policy window in which state government restructuring and reforms will be studied.

Use of Kingdon’s heuristics is intended as a paradigm from which to study, dissect, and understand the complexities of state government’s public policy responses to the budget crisis presented by the recession. Labeled as a theory by many scholars within the field, critics rebut the model’s characterization as a formal theory given its lack of predictive power. Thus, it is important to emphasize that in the research setting of this dissertation, multiple streams is used not as a formal theory, but rather as a heuristic to describe the environment in which states developed reform commissions between 2007 and 2012.
What is unique about this issue – budgetary consequences to state governments wrought by the recession of 2007 – is that it has persisted to consume the attention of lawmakers nearly five years later and remains part of the government agenda during each budget cycle for state governments. This point is important given that the country, from a purely technical definition of what level of national economic activity constitutes a recession, as defined by economists, emerged from the recession in 2009. The considerable amount of ‘fugitive’ literature – literature outside that of academic journals and which is produced by non-profit organizations, government agencies and think-tanks – that exists on the topic serves to highlight the topic’s visibility and importance to a larger advocacy community, what Kingdon (1995) terms as visible and hidden participants. The extent to which state’s policy solutions of governmental reforms to grapple with reduced budgetary resources reflects more of Lindblom and Wildavsky’s “muddling through,” incrementalist approach commonly practiced within governmental and budget processes versus a more comprehensive policy response to underlying causes of budget deficits and debt at the state level advanced by Kingdon (1995, p. 79) is examined in the concluding chapter.

In summary, according to the multiple streams heuristic and agenda setting framework, what allows policy proposals to achieve legitimacy and enactment for a particular policy problem is the coupling of streams and enterprising efforts of policy entrepreneurs or advocates during an open policy window. The convergence of streams and resources of policy advocates are what help push the issue onto the decision agenda allowing policy makers to adequately deal with the policy problem.
The Problem Stream:

Budget and Fiscal Environment Open the Windows of Reform

Perhaps no better sources of information exist to help frame the fiscal and budget environment of the states during and immediately following the nation’s recovery from the recession than that of the professional staff organizations advocating on behalf of states, and comprised of the National Association of State Budget Officers (NASBO), the National Governors Association (NGA), and the National Conference of State Legislatures (NCSL). Though separate and distinct associations, collectively, these bipartisan and nonpartisan organizations serve the governors, legislators, and professional staffs of the nation’s 50 states by enhancing legislative and executive branch capacity through filling gaps in public policy research and analysis across a number of policy issues important to state governments. Attention is now turned to these organizations given the quality of the policy studies being churned out by NGA, NASBO, and NCSL analysts, particularly as it relates to the topic of fiscal matters. Given their affiliation, endorsement, and even oversight and leadership by elected and appointed leaders drawn from the 50 states, much of the data used to articulate the budget and fiscal environment is drawn from research produced by these organizations.

Beginning in late 2007 and lasting through August, 2009, the recession ushered in a period of negative economic growth in the U.S. at levels not seen since the Great Depression. Like many American households, the finances and fiscal health of state governments were not immune to the economic downturn. Deep and severe, the economic effects of the national recession rippled across all levels of government, crippling revenue streams as negative or anemic economic growth served to strain state government budgetary resources across the nation.
This section is dedicated to analyzing the topic of state governmental policy reforms from a problem-minded orientation set against the state budget pressures wrought by the national economic downturn in 2007. Fully grasping the complexities of this problem will help ensure the solutions – both enacted and proposed by state government reform commissions – were not only germane to the underlying budget problems involved, but provided a policy solution given its ability to rise to the level of agenda prominence needed for effective action. The critical examination of a public policy topic necessarily requires a complete and thorough understanding of the problem if solutions and remedies are to be offered, and under Kingdon’s theory, placed on the decision agenda in the first place. In referring to the importance of problem recognition to agenda setting, Kingdon (1995, p. 198) writes, “Problem recognition is critical to agenda setting. The chances of a given proposal or subject rising on the agenda are markedly enhanced if it is connected to an important problem…[as]…[t]he recognition and definition of problems affect outcomes significantly.” To this end, attention is directed towards outlining a thorough and comprehensive understanding of the problems that surround the fiscal crisis of state governments brought into greater focus by the 2007 recession. At its core, this event served to initiate a nearly national debate in state capitals across the country on the fundamental role of government at the state level, and how to subsequently reform or realign state governments’ structure, institutions, and programs to match those roles within the fiscal capacity available.

**The Recession and State Revenues**

The fiscal challenges and budget shortfalls experienced by states during and in the wake of the recession proved particularly acute as states collectively closed nearly $230 billion in spending gaps between fiscal year 2009 and 2011 (NASBO, 2011a). Lacking the ability to deficit spend, state lawmakers and governors alike were left scrambling to cut spending, raise taxes, and
eliminate or change programs in order to meet balanced budget requirements though revenues declined and demand for public services grew. A perfect storm of dismal economic indicators drained state treasuries, as soft consumer spending, combined with high unemployment, impacted nearly all revenue streams to government. All the while, costs for healthcare and education, to name a few, continued to soar and in some areas outpaced inflation (NASBO, 2011a). As reflected in Table 1, states general fund expenditures saw unprecedented declines in spending during fiscal years 2009 and 2010.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Nominal Increase</th>
<th>Real Increase</th>
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<tbody>
<tr>
<td>2012</td>
<td>2.60%</td>
<td>1</td>
</tr>
<tr>
<td>2011</td>
<td>5.2</td>
<td>3.2</td>
</tr>
<tr>
<td>2010</td>
<td>-6.3</td>
<td>-6.9</td>
</tr>
<tr>
<td>2009</td>
<td>-3.8</td>
<td>-6.3</td>
</tr>
<tr>
<td>2008</td>
<td>4.9</td>
<td>-1</td>
</tr>
<tr>
<td>2007</td>
<td>9.4</td>
<td>4.4</td>
</tr>
<tr>
<td>2006</td>
<td>8.7</td>
<td>2.5</td>
</tr>
<tr>
<td>2005</td>
<td>6.5</td>
<td>0.9</td>
</tr>
<tr>
<td>2004</td>
<td>3</td>
<td>-0.4</td>
</tr>
<tr>
<td>2003</td>
<td>0.6</td>
<td>-3.1</td>
</tr>
<tr>
<td>2002</td>
<td>1.3</td>
<td>-0.6</td>
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<tr>
<td>2001</td>
<td>8.3</td>
<td>4.3</td>
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<tr>
<td>2000</td>
<td>7.2</td>
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<td>1999</td>
<td>7.7</td>
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<td>1996</td>
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<td>1988</td>
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</tr>
<tr>
<td>1980</td>
<td>10.0</td>
<td>-0.8</td>
</tr>
<tr>
<td>1979</td>
<td>10.1</td>
<td>3.2</td>
</tr>
<tr>
<td>1979-2011 average</td>
<td>5.70%</td>
<td>1.60%</td>
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</table>

Notes: *The state and local government implicit price deflator cited by the Bureau of Economic Analysis in May 2011 is used for state expenditures in determining real changes. The CPI projections included in the Presidents FY 2012 budget proposal were used to forecast the real increase for 2011 and 2012. Fiscal 2010 figures are based on the change from fiscal 2009 actuals to fiscal 2010 actuals. Fiscal 2011 figures are based on the change from fiscal 2010 actuals to fiscal 2011 estimated. Fiscal 2012 figures are based on the change from fiscal 2011 estimated figures to fiscal 2012 recommended.
(NASBO, 2011a)

Decreases by 6.3% and 6.9%, respectively, in 2009 and 2010 represent not only the largest back to back consecutive year declines in state general fund budget spending in the history of the NASBO’s report (2011a), but pale in comparison to the historic average year increase of 1.6% seen during the thirty-year time period in question. While general fund spending by states has reversed its downward trajectory seen in 2009 and 2010, the etherealness of state government finances is nonetheless demonstrated in the fact that the $668.6 billion in governor recommended spending in fiscal year 2012 is still $18.7 billion less than pre-recession level of $687.3 billion in 2008. Though the nation as a whole is over two years removed from what was technically the end of the recession in June, 2009 (NBER, 2010), the ability to push and maintain government reform on state’s policy agendas endures as legislatures and governors continue their march to reduce spending while in search of efficiency and costs-savings through policy changes and restructuring.
Not surprisingly, overall sluggish growth in the national economy post-recession has served to direct attention of governors to some of the more fundamental functions of government, and funnel their focus to a few specific policy areas (Willoughby, 2012). Following a content analysis of governors’ 2012 state of the state addresses, Willoughby (2012, p. 193) discovered what she termed “gubernatorial funnel vision” on the part of the various chief executives of state governments across the nation. From 2007 to 2012, issues mentioned by two-thirds of governors in annual state of the state addresses have undergone a funneling effect, as the policy agendas of governors to pursue in 2012 represented by three principal concerns of state government: education, jobs, and taxes (Willoughby, 2012). Figure 1 is excerpted from Willoughby’s (2012) research, and depicts how the focus of state governors have funneled towards just a few specific, core policy areas for government during and in the wake of the recession.
In what Willoughby (2012, p. 193) characterizes as “fiscal malaise,” the funneling of attention and focus is due in large part to the impact the recession has had on the precipitous decline of revenue inflows to state coffers. From fiscal year 2008 to 2010, state revenues decreased nearly 12 percent, or by $78.5 billion (NASBO, 2010). In a report authored by the National Governors Association (NGA) Center for Best Practices (2010), revenues to state treasuries, as measured in real terms, are not expected to recover to pre-2008 levels until the latter part of 2012. Highlighting the fiscal difficulties states face, the semiannual *Fiscal Survey of the States* (NASBO, 2011a), a joint NASBO-NGA effort published by NASBO, reports that total
state general fund revenues for fiscal year 2012 are projected to come in at $24.6 billion below fiscal 2008 levels despite upward budgetary pressures.

Reinforcing the downward trending trajectory on state revenues the recession has caused is the fact that between the fourth quarter of 2008 through third quarter of 2009, state tax revenues declined an average 10.7 percent each quarter (NGA, 2010). Such drops in revenue prove particularly troubling as they stand in stark contrast to an average quarterly state tax revenue growth rate of 6.5% between 1979 and 2007 (NGA, 2010). Incredibly, only a single quarter of negative growth to tax revenues was reported during this same timeframe (NGA, 2010).

As Reschovsky (2004) notes, states are limited in the menu of policy options available to balance budgets and close revenue-spending gaps in the face of such dismal economic indicators. Beyond the spending and revenues sides of the budget ledger, and in addition to spending cuts and revenue enhancement measures in the form of taxes or fees, states also utilize budget stabilization (e.g., rainy-day) funds, reform initiatives, accounting gimmicks, and borrowing as a means for grappling with fiscal crises (Lowry, 2008; Reschovsky, 2004). Though not necessarily a direct policy option available to states unless enacted by Congress, revenue support from the federal government can offer economically stimulative assistance, and offset institutional or political urges to cut spending in order to balance fiscal year budgets. As outlined in the next section, not only are intergovernmental transfers a hallmark of our fiscal federalist system, but more importantly, federal support to the states during off-economic cycles provide an invaluable countercyclical funding source. The federal government’s response in grappling with the economic challenges wrought by the recession and post-recession period help to underscore the
severity and magnitude of the budget pressures felt by the states. It also further develops the backdrop in which reform commissions at the state level were framed.

**Role of Fiscal Federalism in State and Local Budgeting**

To offset cuts in state spending as a response to declining revenues, federal aid to the states sharply increased in order to provide a policy tool for governors and state legislatures in dealing with the fiscal crisis. The legislation governing the federal government’s efforts to support – fiscally – state and local governments was spelled out in the American Recovery and Reinvestment Act of 2009 (ARRA), the $787 billion federal stimulus bill. The federal government has historically proven to be a significant fiscal partner with that of state and local entities in funding a variegated mix of public policies to meet program or legislative goals. Indeed, federal funds and intergovernmental transfers to state and local governments denote a valuable policy tool for not only achieving federal policy aims in a federalist system of government in which the U.S. operates, but also in the context of this research in dealing with counter-cyclical economic challenges at the sub-federal levels. The following paragraphs are intended to provide a brief overview of the development and role fiscal federalism plays in state fiscal affairs, both through intergovernmental transfers and other various policy tools such as matching contributions.

Oates (1999, p. 1120) defines fiscal federalism as a “subfield of public finance,” as it “addresses the vertical structure of the public sector…explor[ing] both in normative and positive terms, the roles of the different levels of government and the ways in which they relate to one another through such instruments as intergovernmental grants.” The characteristics of today’s fiscal federalism and intergovernmental relationships grew in response to the changing social and economic landscapes of an industrializing society. This is consistent with the normative theory of
fiscal federalism which purports that central governments have macroeconomic stabilization functions and a redistributive function of resources to those less well-off in society.

Prior to the Great Depression and New Deal era, federal funds were typically made available to the states in areas that enjoyed strong political support, such as agriculture and road construction (O’Toole, Jr., 2000). However, the social and economic problems confronting the nation demanded resources on a scale that only the federal government could offer. The legacy of intergovernmental relations emerging in the wake of the New Deal was a greatly expanded fiscal interconnectedness and interdependence between the federal government and state and local governments. Before President Roosevelt’s New Deal programs, local governments outspent both the state and national government combined on public goods and services (Hanson, 2008). Spending on items from public works projects to unemployment insurance, social security, and public assistance programs were established to deal with the challenges facing the nation. Replacing the layer cake of dual-federalism is what Grodzins (1966) would later term a “marble cake” of overlapping and intermingling policy responsibilities across the three levels of federal-state-local relations (Hanson, 2008). An era of cooperative and creative federalism would ensue from the 1930s through the early 1970s as increasingly complex intergovernmental fiscal partnerships delivered devolved federal assistance while maintaining state and local autonomy over the utilizations of grants-in-aid funding (Wright and Stenberg, 2007; O’Toole, Jr., 2000).

Complexity and interdependence within a fiscal context materialize as the two major characteristics underpinning the federal, intergovernmental system from the 1930s onward (O’Toole, Jr., 2000). Nearly one third of state government general revenue comes in the form of intergovernmental transfers, with the federal government accounting for 95% of those transfers.
Moreover, matching funds comprise much of the intergovernmental revenue transfers from the federal to state level (Lowry, 2008). This latter point is important to understanding the overall budget environment of the states, as the federal government’s matching requirements on the states as a condition for receiving a portion of federal intergovernmental fund transfers has the potential to greatly impact the composition of budget expenditures by the states. That is, in dealing with intergovernmental transfers, federal matching requirements subsequently drive state spending decisions given its affect on not only state’s own-source revenue, but in addition, the level of intergovernmental assistance from the federal government. This unique facet of federal intergovernmental aide helped to serve as the basis of the political, economic, and fiscal philosophy underpinning much of state funding provided for by the 2009 American Reinvestment and Recovery Act.

Throughout the course of the 20th century and the expansion of various government programs, namely that of various social welfare programs such as Medicare and Medicaid, the federal government has served to entrench itself as a significant source of funding for state and local government within the fiscal federal system. During the era of cooperative federalism and the expansion of government that ensued in response to such 20th century events as the Great Depression, World War II, and President Lyndon Johnson’s “Great Society” social-equity and welfare initiatives, the charge as outlined by President Ronald Reagan to reduce the size and scope of the federal government would most certainly have intergovernmental fiscal consequences at the state and local level. Termed New Federalism first under President Richard Nixon and then continued by Reagan in the 1980s, its tenets rested on not only strengthening states’ rights and power within the federal system, but also adopting a position of reluctance towards activist government programs concerning domestic and social affairs (Gage, 1990). This
new attitude toward federal involvement in various social welfare programs, in particular low-income assistance programs, is most noticeably manifested in the devolution of program responsibility from the federal to state level. This is a hallmark of contemporary fiscal federalism (Super, 2005).

The Fiscal Year 2009 State Expenditure Report published by NASBO in fall, 2010, shows expenditure data relative to fund source and serves to illustrate the financial implications for states when presidential administrations or Congress seek to realign state and federal roles within the federal system. While the federal government as a revenue source has continued to increase more or less in proportion to the overall rise in state spending, Figure 2 below more importantly demonstrates the fiscal reliance of states on intergovernmental transfers from the federal government as a source of revenue.

In fiscal 2008, the last year before ARRA stimulus funding, total state spending was comprised of the following: general funds 45.9%; federal funds 26.3%; other state funds 25.5%; and bonds 2.4%. In fiscal 2009, the breakdown of total state spending was: general funds 42.5%; federal funds 29.5%; other state funds 25.6%; and bonds 2.3%. Finally, in fiscal year 2010, NASBO estimated the composition of total state spending to be: general funds 38.1%; federal funds 34.7%, other state funds 24.5%; and bonds 2.7% (NASBO, 2010a). During this two year period, the composition of total state spending experienced quite dramatic shifts. State general fund outlays contracted while intergovernmental transfers from the federal government experienced considerable increases as a result of the infusion of ARRA funds, increasing by 8.4% from 26.3% to 34.7%.
The importance of intergovernmental transfers devolved from the federal to sub-national governmental units as a revenue source accentuates the American system of fiscal intergovernmental relations (IGR) and federalism, and its interconnectedness to the financial health and institutions of governing bodies at the state and local levels. The substantial resources of the federal government when compared to that of sub-national units gives Washington a prominent and unique position when addressing downturns in the economy, social issues and implementing domestic programs beyond the capacity of individual states. In America’s current federalist system, whereby revenue transfers and grants-in-aid prevail, the funding decisions made by legislative and executive branch officials in Washington have secondary and tertiary fiscal effects concerning programs and initiatives executed at the sub-national level.
The amount of intergovernmental aid continues to remain a main staple of government revenues at the state and local level. As Cho and Wright (2007, p. 103) assert, federal aid has become an “institutionalized component of state government operations.” In a 2007 paper appearing in the journal *Publius: The Journal of Federalism*, Cho and Wright report that over the past 25 years a relatively fixed range of 70-80% of state agencies have found themselves the beneficiaries of federal dollars. More interesting, however, are statistics for what the authors characterize as heavily dependent (75% or more) and minimally dependent (25% or less) upon federal aid for the operation of state agencies. At the minimally dependent extreme of fiscal federalism, 44-49% of state agencies receive less than one-quarter of their operating budgets through federal funding (Cho and Wright, 2007). This is in stark contrast to the heavily dependent extreme, whereby 10-15% of state agencies obtain 75% or more of their funding from federal sources (Cho and Wright, 2007).

Fiscal stimulus at the federal level devolved downward has become even more pronounced in light of the most recent economic crisis and counter-cyclical economic pressures beginning in 2007. This perfect storm of depressed economic activity has left many states across the nation cash-strapped and scrambling to close budgets gaps in a severely constrained fiscal environment the likes of which have drawn comparisons to the Great Depression. The fiscal intergovernmental response has indeed prompted Great Depression-era fiscal federalism to help states weather the 2007 national economic crisis. For states, the dollar amounts that the stimulus bill made available are staggering, yet so too is the estimated $500 billion in revenue gaps (NCSL, 2012) that state governments have had to cover since the recession began in 2007. Federal aid to the states via ARRA provided $100 billion in flexible funding to supplement state spending on programs such as Medicaid; $130 billion in formula funding to supplement state
spending on transportation, education, and job training programs; and $100 billion in competitive grant funding opportunities for programs promoting energy efficiency and education (Council of State Governments, 2012). Indeed, when following the money trail that flows from Washington to the states, the power and influence of the federal government in shaping domestic policy across the nation becomes apparent.

In a 2005 *Harvard Law Review* article, author David Super identifies three main justifications for which the federal government has assumed an expanded responsibility in financing state operations. Articulated in terms of cooperative models of fiscal federalism, these justifications seek to explain the underlying impetus and mechanisms behind our fiscal intergovernmental connectedness.

First, the federal government seeks to insulate or ease the financial burdens that may be placed upon sub-national governments with regards to certain policy goals. This justification is termed the compensatory model. As more initiatives and activities are placed on the domestic agenda at the national level, federal aid is devolved to the states out of respect for earlier theories of dual-federalism as well as to limit the adverse financial impact to states wanting to pursue their own policy objectives.

Second, the federal government seeks to encourage or incentivize state alignment with federal policy leadership on certain issues deemed of national importance. Such a reason for fiscal intervention is referred to as the leadership model as the federal government seeks to leverage its resources in pursuit of a particular type of activity that has not yet caught the attention of state policymakers, but is nonetheless an issue of significance at the national level. For Super (2005), the policy leadership model of fiscal federalism can be described as follows:
[An] attempt to synthesize comparative processes and pluralistic considerations in federalism: federal policymakers believe their national perspective allows them to recognize the importance of a problem states may have failed to appreciate, yet they often seek to enlist states’ participation to secure the benefits of pluralism. (p. 2577)

Lastly, the fiscal capacity of the federal government far outstrips that of the states. This justification represents the superior-capacity model of fiscal federalism. It more or less outlines that as a practical matter Washington assumes a larger share of financial responsibility for infrastructure, natural disaster response and recovery, counter-cyclical economic support, and social spending projects states would otherwise have a difficult time financing on their own (Super, 2005).

The motivations underpinning the stimulus portion of ARRA directly to the states can be found in Super’s third justification for federal government intervention in state financial affairs. Congress’ ARRA legislation helped states deal with the austere fiscal conditions created by the recession, an unprecedented countercyclical fiscal stimulus package delivering over $246 billion in federal aid and intergovernmental transfers to be administered at the state level. State fiscal relief provided by ARRA was intended to assist states with relieving the fiscal pressures of balancing budgets and closing revenue-expenditures gaps by funding primarily education and social service programs (i.e., Medicaid, Medicare, and unemployment insurance benefits). Figure 3 shows that the infusion of federal stimulus dollars to state coffers accounted for growth in total state expenditures despite decreases in spending from state funds (NASBO, 2010b). The magnitude of the impact federal stimulus dollars had on such growth in overall state spending from fiscal years 2008 to 2010 is made all the more poignant when juxtaposed against the fact
that during this same period, state revenues dropped by nearly 12%, or $78.5 billion (NASBO, 2010b).

Figure 3
General Fund Spending Declined Since 2008 While Federal Funds Increased Due to Recovery Act

(NASBO, 2010b)

However, though welcome, such stimulus funding was also seen as a double-edged sword. It was undoubtedly instrumental in helping states grapple with immediate budget deficits in fiscal years 2009 and 2010. Yet at the same time, it also allowed some states to delay tough fiscal choices in terms of spending and tax policies, as well as changes in public programs that would eventually need to be made once stimulus funding runs dry. Loss of stimulus funding provided by the ARRA and soft, modest economic growth further added to the budget challenges through which states must navigate (NASBO, 2011a). ARRA provided economic stimulus to states and local governments during fiscal years 2009 and 2010, and will unwind precipitously in fiscal years 2011 and 2012. In measuring the magnitude of this challenge, the National Conference of State Legislatures (2011a) projects that budget gaps, in the aggregate for all states,
totals $97.3 billion for fiscal year 2011, and improving only slightly for fiscal year 2012 at $86.1 billion.

Finally, the vertical dimension of intergovernmental relations known as fiscal federalism carries with it implications for state and local government budgets as Congressional policy priorities change. If not properly positioned fiscally, budget deficit reduction measures or policies that may be adopted by Congress, as was the case in 1995, can have an adverse effect on the health of state governments and their economies (State Budget Crisis Task Force, 2012; Wallin, 1996). For example, the national economic recession of the early 1990s served to strain the fiscal condition of the states. Adverse secondary effects on government at the local level were also felt as state capitals scrambled to close their budget deficits, often at the expense of aid to municipalities and schools. A combination of program cuts, constrained expenditure growth, and tax increases enabled most states to weather this economic downturn at mid-decade produced an arguably healthier fiscal outlook for state budgets.

Speaking on the financial conditions of states at the time, Wallin (1996) noted that a stronger fiscal position on the part of states would be necessary to handle the long-term consequences of Congress’ attempt at the time to slow federal spending and balance the federal budget. Reductions in outlays, proposed tax cuts, decreased aid to states, and a shift in certain programs from entitlements to block grants constituted federal policy measures Congress planned to implement towards its federal balanced-budget goals. Such Congressional actions would have undoubtedly adverse fiscal impacts on what were already resource-strained state budgets. Similarly, federal deficit reduction initiatives of the current 112th Congress, and future ones moving forward, likewise threaten state economies and budgets (State Budget Crisis Task Force, 2012).
Couched from a fiscal perspective, some had not yet fully recovered from previous recessions in addition to tackling several structural and practical challenges if they were to adequately administer devolved federal programs. Revenue and tax systems of most states required fundamental change in order to remedy structural deficiencies that would affect their ability to respond to changing fiscal environments. This encompassed both counter-cyclical economic activity as well as the impending federal devolution in program responsibility and funding to the states. Beyond spending reductions that produce one-time savings, administrative and program policy reform was also necessary to position states for recurrent program savings in the face of reduced federal aid and a shift to block grants for programs such as Medicaid and AFDC. Tax competition, a smaller tax base, economic uncertainties, constitutionally mandated balanced-budget requirements, and a shifting demographic created an increasing demand on government resources that serve to hamper the states’ ability to adequately respond to federally devolved programs. ARRA sought to prevent such anti-stimulative activity in the economy by state governments. But the integrated nature of programs delivered at the state level yet connected and funded with federal, intergovernmental transfers, illustrates how states reforms may also be spawn by federal reform efforts.

Administratively complex as well as fiercely political and competitive best describes the fiscal dimension of federalism. Pluralistic political interests, competition, complexity and interdependence characterize fiscal federalism today. Further, fiscal stimulus can even have an illusory effect on the fiscal health of state and local finances by masking more severe and underlying structural problems that will become increasing prevalent over a longer term time horizon. Given the fleeting nature of short-term stimulus, the role of fiscal federalism has the potential to provide an arguably damaging impact on the long-term budget picture of the states.
Short-term stimulus can shave the positive effect of serving to prop-up drops in revenue to state treasuries. Yet at the same time, states must have an understanding that short-term stimulus is just that, and will eventually run dry. Thus, federal stimulus can have the perverse effect of allowing political expediency on the part of lawmakers in delaying implementation of legislative and policy reforms to ensure fiscal sustainability. This can prove problematic when applying a multiple streams and agenda setting framework as a heuristic of public policymaking, as it allows legislatures to usurp or avoid the very focusing event or crisis that opens the window for policy reforms.

Forces within society and the economy often prompt transitions in the intergovernmental aspects of public finance. States and municipalities have responded to the coercive nature of fiscal intergovernmental relations with innovative partnerships to increase fiscal capacity. Such innovation, when coupled with reforms, at both the administrative and institutional levels will be needed to position state and local governments in meeting the challenges of an uncertain fiscal intergovernmental and budget milieu. Determining the substance and nature of those reforms in the context of the problem stream articulated in this section are the driving objectives of this dissertation. In the next section, attention is focused on what many economists and governance scholars view as an impending budget crisis threatening to cause fiscal calamity in balancing the ledgers of state budgets – state and municipal employee pension funds. Inclusion of the public employee pension crisis serves to illuminate both the depth and breadth of the problem stream that is driving state government reform commissions.

**State and Local Government Legacy Costs**

Despite the negative impact the recession has caused on revenues flowing in to state treasuries, these nonetheless continue to stabilize and improve as fiscal and revenue performance
continue to rebound alongside an overall recovering economy nationwide in 2011 (NCSL, 2011a; NCSL, 2011c). However, what many economists and politicians view as a much more significant issue which promises to derail state budgets are an unfunded and underfunded legacy costs crisis encompassing both public employee retiree pensions and health care costs (State Budget Crisis Task Force, 2012). Looming large on the horizon in many states, legacy costs are a $5 trillion “elephant in the room” in terms of the long-term budget and funding obligations of state and municipal governments. The term legacy costs is used because it connotes inclusion of more than simply pension obligations of state and local government employees, but that of other postemployment benefits to retirees as well, the largest cost-driver of which being that of retiree health benefits. The issue of legacy costs and the ability of state and local governments to pay out promised benefits to future beneficiaries without consuming an overwhelming portion of state resources to the point of crowding out other competing programmatic demands for spending, and at the same time, eviscerating the tax base, has acted as a contributing fiscal and budget factor in pushing state government reform onto the agenda. Moreover, the magnitude of the numbers involved in the purported state and local government legacy costs crisis has served as a politically mobilizing force in forging popular discontent with state spending overall, and the proper role of government more generally.

**Public Employee Pension Funds**

The issue of municipal pensions and the public’s ensuing calls for reform has garnered more than a modicum of media coverage. A CBS News 60 Minutes (Jacoby, 2010) piece entitled *State Budgets: The Day of Reckoning*, is notable in helping to push the state and municipal employee pension crisis to the forefront of state government reform efforts. With the magnitude of this potential state budget buster, it remains hard to ignore. Most of the media reporting on the
issue cites the widely respected work and research on the state and municipal employees pension fund issue published by National Bureau of Economic Research members Robert Novy-Marx, of the University of Rochester, and Joshua Rauh, of Northwestern’s Kellogg School of Management.

According to their analysis, and depending upon assumptions applied that treat pension obligations as default-free or not, pension promises to state government workers are at the low end $3.20 trillion, and as high as $4.43 trillion when applying a zero-coupon Treasury yield curve which views the liability as default free (Novy-Marx and Rauh, 2011, p. 1245). The $3.20 trillion liability assumes that states have the ability to default on pension obligations similar to that of general obligation debt that has been issued, something that is not often the case given the constitutional protections offered by state governments to state public employee pensions as enforceable contractual relationships (Novy-Marx and Rauh, 2011; Brown and Wilcox, 2009). A majority of states, in fact, have constitutional provisions protecting public-sector pensions (Brown and Wilcox, 2009).

Such constitutional protections serve to place state employee pension obligations in a higher priority for funding and resource allocations than that of general obligation debt. As Novy-Marx and Rauh (2011; 2010a) contend, this lends greater veracity to the belief that total liability for state government pension plans is indeed closer to the $5 trillion mark when using Treasury discounting measures. This is particularly true when taking into account research that shows an additional $574 billion in unfunded liability by local governments at the city and county levels on top of the roughly $3.2 to $4.43 trillion in unfunded pensions obligations state governments face (Novy-Marx and Rauh, 2010a). Given that local governments are a creation of state legislatures, incorporated and granted powers and authority only to the extent established by
state governments, unfunded pension liabilities at the municipal, city, and county levels are not likely to be ignored or unaddressed in state capitals across the country attempting to deal with the issue of public-sector pension funds in total at both state and local levels.

The scale of the public-sector pension fund crisis serves to make the issue not only a highly charged polemic, but one that is certain to reach the reform agenda of state government commissions looking at solutions to restructure public policies, agencies, and service delivery to deal with unprecedented budget gaps they prove certain to cause. Some governors – for example, New Jersey’s Chris Christie – have been able to successfully capitalize politically on the hard-line stances they have taken in pushing for state and municipal employee pension fund reforms to prevent what has been characterized as fiscal calamity. Recorded as off-balance-sheet debt, the issue has been able to avoid public scrutiny for the most part, lying dormant for years as state and local governments alike promised greater and greater pension benefits, in turn accruing ever increasing liabilities that were unsustainable relative to pension fund assets.

Rauh (2010) illustrates the need, as well as likelihood, for reform if governments are to prevent public sector pension funds from being the budget and resource albatross that research indicators portend them to be. With the standard state assumption of 8% average return moving forward, states will in the aggregate run out of funds by 2028 (Rauh, 2010). The prospects for state and local government public sector pension fund solvency are even direr should state inflation averages rise above 3% or average return assumptions drop below the 8% figure. As Rauh (2010, p. 585) concludes, “Assuming future state contributions fund the full preset value of new benefits, many state systems will run out of money in 10-20 years if some attempt is not made to improve the funding of liabilities that have already been accrued.” It is important to note that other factors have the potential to impact actual run-out dates for state and municipal
pension funds, such as changes in worker retirement rates, population shifts that affect a state or city’s tax base, and treatment of future contributions to finance existing benefits obligations as opposed to future benefits (Rauh, 2010).

Additionally, fluctuations exist within the extent to which individual state pension funds are insolvent. For example, assuming 8% returns would leave Illinois’ state public employee fund dry by 2018, with Connecticut, New Jersey, and Indiana following in 2019. At the other end of the spectrum, there are five states in which a funding gap never comes to fruition, to include New York and Florida. In the aggregate, 11 states would see public employee pension funds run out by 2025 if average returns are 10%, 20 states if average returns equal 8%, and most troubling, 31 states if average returns equaled 6% (Rauh, 2010). Despite the cross-sectional variations from state to state, it does little to detract from the larger issue of impending public sector pension fund insolvency in the aggregate with which this work is primarily concerned, and underscored by the contention that annual contributions to state and municipal pension funds would have to rise by 75% over the next decade if states were to implement financial remedies by way of supplemental contributions (Rauh, 2010).

Retiree Health Care Benefits

In a 2009 report for the U.S. Senate’s Special Committee on Aging, the GAO released the findings of a study they conducted which examined the obligations of state and local government retiree health benefits. The report's title, *State and Local Government Retiree Health Benefits: Liabilities Are Largely Unfunded, but Some Governments are Taking Action*, serves to further illustrate the nature of the problem confronting state and local government's budgets in the context of providing health care to retirees. Through an analysis of state and 39 local governments’ comprehensive annual financial reports, the GAO (2009) found the unfunded
liability for other postemployment employee benefits, namely retiree health care costs, exceeded $530 billion. Of the overall $530 billion in unfunded retiree health benefits, $405 billion is attributable to state liabilities while $129 billion is traced to the 39 local governments included in the study (GAO, 2009). Even more troubling was the GAO’s (2009) analysis that state and local governments have historically failed to fund such health benefits when earned by the employee, but rather when paid or provided to the employee, meaning most governments do not have any assets set aside or in reserve to fund such costs (GAO, 2009).

Other similar studies conducted in the past few years have likewise sounded the fiscal alarm for state government as it relates to legacy costs (Kearney, Clark, Coggburn, Daley, and Robinson, 2009; The Pew Center on the States, 2008; The Pew Center on the States, 2012b). Despite their differing estimates, each nonetheless demonstrates the magnitude of the impending fiscal challenges for state governments. For example, the Center for State and Local Government Excellence in 2009 calculated states’ unfunded liabilities for retiree health care at approximately $558 billion (Kearney, et al., 2009). In a 2008 study, the Pew Center estimated that while states have enough to cover approximately 85% of pension obligations, very little by way of assets has been set aside to cover the roughly $381 billion in unfunded non-pension benefits like retiree health care (The Pew Center on the States, 2008). Some 97%, or $370 billion, of the conservatively calculated $381 billion price tag for retiree health care and other benefits to state employees at the end of fiscal year 2006, was unfunded (The Pew Center on the States, 2008). Competing estimates for determining the true costs of unfunded liabilities for retiree health care benefits is reflective of the complexities involved with the issue. It is also a function of other characteristics that serve to exacerbate the problem, such as work force size to be included in
public sector retiree plans, plan generosity, and rules concerning employer-employee cost share formulas in receiving postemployment health care benefits (Kearney, et al., 2009).

More recent studies in the wake of the economic downturn show the fiscal divide for legacy costs continues to grow. Partly due to investment losses during the 2007 recession and collapse of financial markets, states in the aggregate face an estimated $627 billion shortfall between assets and obligations for retiree health care (The Pew Center on the States, 2012b). Notes the Pew Center (2012b) report:

States continue to lose ground in their efforts to cover the long-term costs of their employees’ pensions and retiree health care due to continued investment losses from the financial crisis of 2008 and states’ inability to set aside enough each year to adequately fund their retirement promises… Though states have enough cash to cover retiree benefits in the short term, many of them – even with strong market return – will not be able to keep up in the long term without some combination of higher contributions from taxpayers and employees, deep benefit cuts, and, in some cases, changes in how retirement plans are structured and benefits are distributed. (p. 1)

With the gap widening between states’ assets and their public sector retirement benefit obligations, both for pensions and health care, fiscal reform is inevitable. As the Pew Center on the States (2008, p. 3) observed, “The way in which states provide retirement benefits, and at what levels, to their employees has become the subject of an increasingly volatile debate.” Research seeking to evince a typology of government and policy reform themes at the state level against the backdrop of budgetary pressures cannot ignore the multi-trillion dollar squeeze that public-sector employee pensions and health care costs inevitably pose on state and municipal budgets. In connecting the dimension of public sector legacy costs at the state and local levels to
the overall goal of this research, the challenges they portend for state lawmakers and budgets over the next 10 to 20 years are self-evident. States have a myriad of policy tools and reforms available to them in attempting to fix the problem, from changing pension benefits and contribution formulas, to adopting other macroeconomic and fiscal strategies that will generate revenues sufficient enough to close their asset-liability gaps (Brown and Wilcox, 2009; GAO, 2009; Novy-Marx and Rauh, 2010a; Novy-Marx and Rauh, 2010b; Novy-Mark and Rauh, 2011; Rauh, 2010; The Pew Center on the States, 2008, 2012b). While the importance of the issue is not to be discounted, articulating the exact substance of those reforms remains beyond the scope of this research. Rather, for the purposes of the research agenda pursued in this dissertation, it is expected that the topic of state government public sector legacy costs, from their design to the benefits workers are eligible to accrue from them, will emerge as an governance and policy reform issue addressed by the various state government reform commissions. The potential magnitude of the problem and its impact on state budgets as laid out in this section reinforces this principle concept.

**State Spending by Policy Area and Category: Following the Money Trail**

Almost two years removed from when economists declared the recession officially over, its short run impact on state budgets remains with its demonstrated ability to prioritize the fiscal condition of state treasuries to the top of the policy agenda in 2011. As illustrated in Figure 4, an NCSL report released in January, 2011, reflects that budgets remain the top fiscal issue confronting state legislatures in fiscal year 2011 (NCSL, 2011c). Budget shortfalls, when combined with the loss of the enhanced role of fiscal federalism by way of the 2009 stimulus bill, posed what state legislatures in the aggregate viewed as a particularly challenging budget year.
Figure 4 illustrates the inherent interconnectedness of other public policies and programs to fiscal issues and state budget pressures. That is, though Figure 3 demonstrates budgets in the generic sense rank as the top voted fiscal issue on the policy agenda for states, other fiscal issues states also find themselves grappling with – healthcare/Medicaid, education, taxes/revenues, pensions/retirement – cannot be analyzed in isolation given their impact on the overall budget health, priorities, and resource allocations of state governments. This is an important point to make given the context of the research. As this chapter has set out to apply the multiple streams heuristic as the framework for explaining and analyzing the trend of state government restructuring committees commissioned across the country, policy areas in which legislators view as major fiscal cost drivers are also most likely to receive heightened focus for reform recommendations by the various reform commissions.
The major policy areas for spending portend to an extent where reform commissions charged with restructuring and reorganizing state government will focus their efforts. Figures 5 through 8 presented below help establish the foundation for the subsequent content analysis of state restructuring reform themes as it serves to illustrate the major cost drivers around which budget resources can be categorized.

**Figure 5**

*Total State Expenditures by Function, Fiscal 2009*

(NASBO, 2010a)
Identifying the major categories or cost drivers of state spending serves as an integral component for providing the foundation of subsequent reform themes to emerge in the content analysis. As Figures 5 and 6 depict, spending in the areas of elementary and secondary education and Medicaid represent the largest programs driving state spending, representing 21.7% and 21.1% respectively in fiscal year 2009, and an estimated 20.8% and 21.8% in fiscal 2010, respectively. Also depicted is the category labeled simply “All Other.” As a component of state expenditures, “All Other” garners a significant allocation of state resources in their own right, and represents a broad category of state functions not individually tracked by NASBO or the NGA (NASBO, 2010a). State functional expenditures falling within the “All Other” category include such spending as hospitals, economic development, housing, environmental programs, health programs and the Children’s Health Insurance Premiums (CHIP), parks and recreation, natural resources, air transportation, and water transport (NASBO, 2010a).

It is estimated that Medicaid will eclipse elementary and secondary education in fiscal year 2010 as the largest single component by program of state spending. However, as a share of
state general fund revenue, the predominant fund used for financing state government operations, elementary and secondary education, or K-12 education, represents the single biggest cost driver by program in state budgets (NASBO, 2010a). Figure 7 shows that in terms of general fund expenditures, K-12 education and Medicaid do indeed account for over half of general fund financing for state operations. But there exists significant differentiation, with K-12 education more than double that of Medicaid spending as a component of general fund account spending: 35.8% compared to 15.7% for Medicaid.

**Figure 7**

*General Fund Expenditures, Fiscal 2009*

This is significant given the role of fiscal federalism, and the matching contribution requirements set by the federal government on the part of states in determining the amount of federal funding received. While Medicaid replaces K-12 education as largest spending category by program, it relies on a significant amount of federal intergovernmental transfers as a source of
funding. This is in contrast to the manner in which elementary and secondary education is funded – primarily by states own-source, general fund revenues. Thus, as previously shown, federal cutbacks at the federal level in a Congress and the President’s effort to grapple with the budget crisis at the federal level and rein in federal spending will most certainly have a ripple effect on the fiscal health of state budgets in state capitals across the country. The federal government’s drive to cut federal deficits and debts, and balance federal ledgers, will have variegated impacts given certain structural imbalances within states in addition to the disadvantaged vertical (tax competition, smaller tax base) and horizontal (uneven distribution of resources) imbalances of the states when compared to the federal government (Wallin, 1996). It is expected that such implications of federal legislation and policy decision-making will be incorporated into the political and policy calculus of government reform and restructuring commissions at the state level.

Finally, Figure 8 shows the trend in both overall spending growth and by functional categories of state expenditures from 1987 through 2009. The role of Medicaid spending claiming an increasing share of state government budgets first began in 1990, the first year it surpassed higher education to claim the second largest state program. As evidenced by the growth trends, its rate of increase has certainly outstripped that of higher education. Starting in 2003, Medicaid and elementary and secondary education spending have alternated in terms of capturing the top spot as acquiring the largest share of state spending by program. Illustrated in Figure 6, it is predicted that Medicaid will have claimed the top spot for fiscal 2010 given the economic recession and sharp enrollment increases that have ensued as a result.
Problem Stream Summary

The problem stream is articulated by state budget pressures brought on by a multitude of factors, from decreased revenues in the wake of depressed economy, to fiscal federalism, and institutionally, legislatively, and structurally created spending drivers within the budget. Multiple streams maintains congruence between the policy streams for addressing the problem in the context of various political milieus and considerations.

The problem stream has been defined by state budget pressures brought on by the recession, and represents the opening of the policy window through which state government reform proposals will be advanced to deal with new budget realities for the size and scope of state government. Structural budget imbalances were present and building prior to the economic
downturn experienced from 2007 through 2009, but widened as the depth of the recession served to unmask how large the gaps were due to a weak economy. Signaling the challenges to government budgets and finances as they set out to recover from the recession, states find themselves facing a persistently high unemployment rate. Elevated rates of unemployment serves to soften consumer spending and demand, while at the same time, working in tandem to decrease tax streams. In response, and in the most generic sense, states largely have the ability to increase taxes and fees or cut spending to narrow the fiscal divides created by the economic downturn. A third alternative remains reforming the programs and services government provides.

In looking to evince a typology of reforms for restructuring state government to deal with new budget realities, it follows that panels commissioned with the charge of restructuring government to deal with new budget realities and the challenges that those income realities present in terms of matching revenues with expenditures will necessarily be guided by those policy areas representing the largest shares of government spending. The composition and breakdown by public policy area of state government spending was detailed given its expectant ability to inform the subsequent content analysis of commission reports. The role of intergovernmental transfers within a federalist system was illustrated given the prevalence of federal funding in the development of state budgets. Finally, a looming state and municipal employee pension fund crisis at the state and local levels was introduced as it threatens to not only consume an increasing amount of resources from other public programs within state budgets, but embodies, politically, an imbalance in the proper role of government relative to the private sector that both legislators and the electorate are eager to remedy and reform.
The Politics Stream:

Political Institutions and Environment of the States

To a large extent, the politics stream interacts with the problem stream to produce policy responses within the policy stream. With multiple streams an important aspect of the political calculation for feasible policy is the political environment. Accordingly, this section will describe the political climate in which the state government restructuring and reform efforts occurred. Across the nation, at all levels of government, a debate has raged during and in the wake of the recession concerning the scope, size, and function of government. As this research contends and seeks to examine, states have sought an alternative to simply cutting spending, raising taxes, or combination of the two, to close budget gaps. Rather, committees were commissioned to find and report out recommendations to restructure and redesign state government fiscal, political, and administrative operations in an effort to deal with new budget realities while also maintaining economic competitiveness at the state, regional, national, and global levels. The governance and policy reform proposals originating from the various commissions and agencies being chartered by states have recommended an array of administrative, policy, political, and institutional changes to achieve efficiency and implement cost-savings measures as a means to cut spending and limit the scope of government.

This section, the policy stream, will examine the unique, and at times polarizing, corrosive political milieu that has come to characterize society and its popular views towards governance. In addition, it will also outline the development of various political institutional factors and considerations that serve to influence and inform the reform recommendations of many of the state reform commissions. Like the problem stream, the politics stream represents
the other window of opportunity from which policy debate and action can reach the decision agenda (Kingdon, 1995).

In discussing the politics stream, this section will focus on two central political dimensions germane to both the problem stream previously depicted, and the policy stream to be detailed in the next section: political institutions and political sentiment of the prevailing political crosswinds. What is characterized as political institutions within the states comprises the first dimension of the politics stream to be recounted, and for the purposes of this section, denotes an umbrella term under which politically grounded institutional characteristics of state governments will be analyzed. It is subdivided even further, with principal focus being placed on balanced-budget amendments and technical capacity, as both are expected to put constraints on the ability of states to respond to recessionary budget pressures. The second dimension of the politics stream to be discussed will be the political crosswinds and philosophies towards the role of government on the part of elected officials and the electorate alike. Focus on delineating the political milieus is an essential component of the study because it informs from a political perspective the reforms that are not only likely to be proposed, but ultimately enacted. By understanding the prevailing ideological and political philosophies prevalent within states from 2007 through 2011, the reforms produced by state government restructuring commissions will begin to take shape substantively.

Though the institutional aspects may remain relatively fixed, the political currents within government and the greater public at large will not. It is expected then that reform themes and patterns of state governments in response to the financial crises and subsequent recession will be congruent with the exigent political environment, allowing insight as to what reform models might be employed and the democratic and governance values that align with those paradigms.
When integrated, the policy stream provides the intellectual backdrop informing the expected state government reform themes emanating from the states, while the politics stream serves to drive the focus of elected officials in terms of influencing what reforms are feasible, from a political standpoint. The politics stream and milieu will serve as the pivot upon which elected officials within state government will propose reform recommendations to counter the fiscal pressures brought on by the recession.

**Political Institutions: Balanced Budget Requirements, Rainy-Day Funds, and Supermajority Votes**

From an institutional perspective, it is at the state level where fiscal policy acts as a constraining mechanism on government programs and services to a much greater degree than that at the federal level (Lowry, 2008). A number of factors have served to shape the operative political environment of the states which prevailed during, and in the wake of, the recession period from 2007 and onward through 2012. Unlike the federal government, state governments possess a unique institutional, often constitutional, aspect that serves to bring greater acuity and attention to government size, roles and structure during down-cycles in the economy – a balanced-budget requirement. Indeed, a balanced budget is “widely considered to be the foundation of state fiscal practices” (NCSL, 2010, p. 1).

As demonstrated in Table 2 below, virtually every state government in the U.S. is constrained by a statutory or constitutional requirement to prevent deficit spending within a state’s fiscal year budget cycle, in addition to a political culture within the states to enforce and reinforce such a fiscal requirement. While it is true that some academics and researchers may disagree on not only the definition of what constitutes a balanced budget requirement, but the number of states as well that require one, it has been traditionally recognized that 49 states, with
the exception of Vermont, must balance their fiscal year budget (Lowry, 2008; NCSL, 2010).

Some states have put in place even more stringent institutional components affecting fiscal policy beyond balanced budget laws. For example, a number of states require deficit in one fiscal year be offset by a projected surplus in the next, or finish a fiscal year with balanced spending and revenues where the requirement was only to propose a balanced budget by the executive (Lowry, 2008). Finally, from an institutional perspective, fiscal constraints become even more heightened in states that require supermajority votes in the legislature for adopting tax or revenue increases (Lowry, 2008).

Table 2
State Institutional Factors Affecting Fiscal Policy and Budgets

<table>
<thead>
<tr>
<th>State</th>
<th>Governor Must Submit Balanced Budget</th>
<th>Legislature Must Pass Balanced Budget</th>
<th>Cannot Carryover Deficit</th>
<th>Supermajority Vote Necessary for Tax Increase</th>
</tr>
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<tbody>
<tr>
<td>Alabama</td>
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<tr>
<td>Alaska</td>
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<td>Arkansas</td>
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<td>California</td>
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<td>C</td>
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<tr>
<td>Colorado</td>
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<td>Connecticut</td>
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<td>Delaware</td>
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<td>Louisiana</td>
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<td>Maine</td>
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<td>Maryland</td>
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<td>Massachusetts</td>
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<td>Michigan</td>
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<tr>
<td>Minnesota</td>
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</table>
It is important to note that virtually all of the institutional constraints detailed thus far are politically self-imposed by the states themselves (Braun, Johnson and Ley, 1993; Rodden and Eskeland, 2003). This suggests that just as they have been imposed through political processes, so too can they be impacted through reform measures. Indeed, while states levy taxes and assess fees to raise revenue for more or less the same purposes and delivery of public programs, their amounts, or fiscal scale, varies widely as does the institutions impacting their fiscal scale (Lowry, 2008).

<table>
<thead>
<tr>
<th>State</th>
<th>S</th>
<th>C</th>
<th>C</th>
<th>X</th>
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<tr>
<td>Mississippi</td>
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<td>Missouri</td>
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<td>South Carolina</td>
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<tr>
<td>Totals</td>
<td>44</td>
<td>41</td>
<td>38</td>
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</tbody>
</table>

(NSCL, 2010; Lowry, 2008)
Fiscal institutional considerations, while they can prove beneficial to state lawmakers in providing built-in mechanisms to navigate states towards a path of fiscal and budget solvency and responsibility, are not without consequences, both intentional and unintentional. Institutional arrangements often hamper the ability of state governments to respond to fluctuations in the economic and business cycle. Such was the case confronting states in the face of fiscal peril wrought by the recession of 2007. With its severity measured as the worst since the Great Depression in the early part of the 20th century, institutional constraints, some argue, served to limit the fiscal policy options available to states to deal adequately with the economic downturn.

A 2009 Pew Center on the States report that looked at the fiscal peril of states brought about by the recession specifically cited the institutional feature of requiring a supermajority vote in the legislature in order to levy a tax increase as a variable with the potential to slow economic recovery at the state level. Finance experts are in general agreement the supermajority requirement “significantly constrains a state’s ability to generate revenue by increasing taxes” (The Pew Center, 2009, p. 10). Left with a challenging task of balancing budget, made all the more difficult by obstacles to prevent increases on the revenue side, such politically created institutional arrangements serve to demonstrate and help explain the impetus and move on the part of state governments for chartering reform commissions in the wake of the financial crisis. Faced with this dilemma of equally unpopular choices, making cuts to public programs delivered to the electorate or the prospect of increased taxes at a time when many households found themselves struggling to make ends meet, the drive on the part of lawmakers to reform state government and restructure its functions, programs, and priorities within limited resources, becomes all the more evident. Arrangements that require supermajorities for tax increases as a
means to garner more revenue serve the advocated purpose of providing an institutional check on government spending. Yet at the same time, it also served to hamper a state’s ability to respond to budget crisis (Pew Center on the States, 2009).

Finally, it should be noted that previous fiscal crises and slumping economic measures have also been found to lead to the development, at the state level, of fiscally-oriented institutional arrangements over the years. Learning from the experiences of earlier recessions, states have implemented reinvention and reforms that would help weather future downturns. Wagner and Sobel (2006) note the development of budget stabilization funds, more commonly known as rainy-day funds, by states throughout the 1980s and early 1990s following the deep recession that hit the U.S. economy in the late 1970s. Presently, all states but Kansas and Montana possess some type of stabilization or reserve fund to cover gaps in general fund budgets as a means of protecting cuts and maintaining services during economic downturns (The Pew Center, 2012a). Rainy-day funds act as a state’s first line of defense in the face of diminution of revenue and corresponding increase in demand for public services and programs, as was the case during the 2007 downturn (McNichol, 2008). The problem with the 2007 recession, however, was that most states’ rainy-day funds proved inadequate to navigate the decreased revenues caused by persistently weak economic activity and slow hiring from 2007 to 2012.

Moving from such structural, fiscal institutional dimensions of the politics stream – the politically created fiscal rules and arrangements of the budget game within states that serve to affect public finance, budget policy, and ultimately programs – attention is now focused on the technical capabilities latent within the legislative and executive branch agencies and organizations. Technical capacity of legislatures, staff, and executive branch organizations is an important institutional component for further scrutiny given their responsibility for providing
policy analysis to decision-makers. Given the magnitude of fiscal challenges confronting legislators and governors in state capitals during the recession, the availability of technical data and expertise from professional staff and agencies within state institutions charged with offering economic, public finance and budget policy became increasingly important. The ability on their part to provide relevant, accurate economic and fiscal data to lawmakers serves to shape state governments public policy responses to recessionary pressures.

**Professionalization and Technical Capacity for Fiscal Policy Analysis**

Technical capacity is offered as an institutional component of the politics stream for two reasons. First, the technical budget and fiscal expertise that is found in bureaucratic institutions is often grounded in legislation which authorizes the creation of such departments and agencies by state legislatures and governors. Second, in the vein of Stone’s (2002) policy paradox that dissects decision making in the polis, there frequently lies a political aspect to the economic and budget data that informs and ultimately yields technical policy analysis. Numbers and data serve as symbols in the polis, artifacts of political life (Stone, 2002). Because measurement inherently involves judgment regarding inclusion and exclusion, and often employed to offer an aura of legitimacy to a particular policy debate, it is inevitably open to challenge in policy politics because decisions regarding categorization, made by humans, are done with the intention of influencing human behavior (Stone, 2002). Though the pure policy analyst’s pursuits are to render ideally neutral technical analysis, the policy forecasts and prescriptions of bureaucrats responsible for providing such analysis can nonetheless be used by public officials in furtherance of political goals. It is this potential for politicization of policy analysts, as well as their capacity to provide such analysis in the first place, that deserves further inquiry given the role technical experts can have in shaping public policy decision-making and its decision-makers.
Illustrating it in the context of this study, the technical capacity that serves to undergird the economic forecasts and assumptions employed when state governments propose fiscal year spending plans affects both revenue and spending policy. They have the ability to significantly impact the magnitude of anticipated spending gaps that must be filled with either program cuts or taxes, or, alternatively, revenue surpluses that can be used towards any multitude of lawmaker’s policy priorities. As Stone (2002) contends, measurement is one of the most common ways to define a policy problem, thus “numbers in policy debates cannot be understood without probing how they are produced by people” (p. 187). This important political component – technical expertise and capacity – is dissected through a discussion of the role of policy analysts, and literature that looks at interaction between bureaucratic agencies and organizations that provide such analysis at the state level for use by the executive and legislative branches in formulating government budgets and public program spending blueprints.

**Policy Analysis and Technical Capacity**

From a political science and public administration orientation, technical expertise and competence, and ultimately, the policy analysis that is derived from it, seeks to develop the theoretical frameworks that both describe and prescribe public policy solutions to the problems of society and government. Lasswell (1951, p. 88) argues that policy is “commonly used to designate the most important choices made either in organized or in private life.” Though Lasswell (1951) recognizes non-exclusivity of policy to public administration, transcending the world of politics and government to include business as well, the notion that policy denotes important choices is central to a conceptualizing of the field. Technical bureaucrats and the policy analysis they provide offers advice to decision-makers in the public sphere (Weimer and Vining, 2005). Public administrators and political scientists engage in policy analysis to be able
to inform political decision making by offering advice and counsel on public policy issues. That
is, to produce “societally relevant knowledge” at the intersection of complex social, academic,
and political influences (deLeon and Vogenbeck, 2007, p. 504). Thus, policy analysis is
necessarily informed by the societal values related to the public policy problem at hand, and
therefore requires an audience or consumer of the analysis to be in a position to participate in and
influence public decision making (Weimer and Vining, 2005).

Policy analysis is seen as a model of public policy whose rationally focused methods
yield policy solutions with quantitative and analytical precision. This constitutes the most
common of tools exercised by public administrators, public managers, and economists (deLeon
and Vogenbeck, 2007). But even when viewing policy analysis in such a rationally-driven
perspective it is difficult to make clear cut distinctions between policy analysis and policy
process. Take for example a vision of policy analysis comprised of the following: (1) articulate
objectives, (2) develop alternatives, (3) make policy solution recommendations, (4) implement
policy solution, (5) monitor outcomes, and (6) evaluate performance of policy action (deLeon
and Vogenbeck, 2007). Compare that to Sabatier’s (2007, p. 3) definition of the public
policymaking process, which he describes, “In the process of public policymaking problems are
conceptualized and brought to government for solution; governmental institutions formulate
alternatives and select policy solutions; and those solutions get implemented, evaluated, and
revised.” Indeed, distinctions between the above articulation of policy analysis and the definition
of the policy process proffered by Sabatier make a clean separation between studying theories of
policy analysis and the policy process tenuous.

Throughout the policy science literature is the notion that policy analysis, when done
well, produces advice and guidance for political leaders. However, in so doing, the policy analyst
is inevitably forced to confront and reconcile competing values – between offering policy solutions that promote utilitarian pursuits of the common good and practical demands to satisfy the client (Weimer and Vining, 2005). This is illustrated in the simple, straightforward definition of policy analysis advanced by Weimer and Vining (2005, p. 24): “policy analysis is client-oriented advice relevant to public decision and informed by social values.”

To the notion that technical analysis can be used for political advantage, Heineman, et al., (1997) offer an insightful discussion of the role of the policy analyst in science and truth. They draw attention to the unfounded assumption made by many analysts that their pursuit of objective truth to inform the policy process would also shield them from the often acrimonious political partisanship that engulfs public policy debates. All policy analysts engaged in policy analysis are forced to reconcile their role within the policy process, and understand how the nature of their work relates to public policy makers; both on an individual basis as well as institutional. Central to achieving such balance within the policy analysis field is the assumption of professional integrity on the part of the analyst, indeed, the “fundamental standard” (Heineman, et al., 1997, p. 26).

In its simplest formulation, policy analysts typically view themselves as taking on one of two roles – technician or activist (Heineman, et al., 1997). Policy analysis from the technician standpoint is seen as apolitical and nonpartisan. In fact, analysts in the technician role are often insulated from political considerations given the neutrality and objectivity of their analysis, and tend to project an air of authority or status which stems from their technical expertise in policy science (Heineman, et al., 1997). Yet the technician perspective – despite its appeal and view as the default perspective in which policy analysis is cast – is not without its criticisms, the principal of which is grounded in epistemological and ideological concerns. It is difficult to deny
for even the most logical positivist of policy analysts that value judgments and cultural assumptions influence decisions, from the methodologies used to the conclusions drawn. For all the care taken to engender rational objectivity and science, it is nonetheless difficult to escape the interpretivist and sometimes hermeneutical aspects of policy analysis.

For Behn (1985), the client-focused role is central to policy analysis, but presented with far less nefarious connotations than may be otherwise suggested with this proposition. Instead Behn (1985) defines policy analysis in terms of its ability to assist the client in public policy decision. He writes, “If you do not have a client, you are not doing policy analysis…Policy analysts are in the business of helping their clients resolve particular public policy dilemmas.” (p. 428). The standard for assessing their product is policy relevance in helping a policymaker do their job (Behn, 1985). More germane to the idea of policy analysts having to navigate conflicting values and roles is the notion of a professional standard that must be injected into the field. The view that policy analysis, to be done well, “requires intellectual history, political creativity, a respect for a diversity of values, the ability to deflate phoniness, and some scientific rigor” (Behn, 1985, p. 430) offers a good foundation for bringing substance to policy analysis as advocate.

Nevertheless, questions of professional ethics and integrity in policy analysis are raised the closer the analyst moves away from technician to one of issue or client advocate. Weimer and Vining (2005) offer a framework to use in reconciling competing values and roles that serve to conceptualize the field of policy analysis. Weights placed upon values of analytical integrity, responsibility to client, and adherence to one’s personal view of utilitarian society and policy relative to the roles of technician or advocate (issue and client) serve to inform the policy analyst’s role of choice. When values conflict and become irreconcilable for the policy analyst,
they are presented with three options: voice, exit, and disloyalty (Weimer and Vining, 2005). While voice, exit, and disloyalty represent the three principal responses to value conflicts, alternatives also exist as each option overlaps to produce similarly related courses of action. These range from protest, ultimatum, and leak, to sabotage, and resign and disclose (Weimer and Vining, 2005). Regardless of the role assumed by policy analysts, their position in the policy process and within public administration writ large remains central to the field’s core identity. Writes Heineman, et al., (2005, p. 31), “Policy analysts have the capability to continue to provide useful input to the policy process in an era when American society increasingly faces problems so complex in substance that they are beyond the layperson’s comprehension and yet so pervasive that they touch the everyone’s fundamental beliefs.” It is in this narrow spectrum of technical expertise, its ability to escape the comprehension and grasp of most amongst the general public, by which the temptation to utilize the technical capacity that yields policy analysis to pursue ideological and political agendas with regards to public policies, programs, and spending. Equipping state governments with the professional apparatus necessary for gathering and analyzing socioeconomic data so as to inform policy analysis and public policy decisions in an increasingly complex, connected, and interrelated social, economic, and business climate is even more pronounced in times of off-cycles in the economy; especially when demand for government services is typically at its highest, and such expertise is needed the most.

Legislative Professionalism and Technical Capacity

Discussion of professionalism within and amongst state legislatures signals an important ancillary component to technical expertise and capacity as an institutional dimension of the politics stream given its potential to influence or limit the reform efforts and responses of state governments to the recession. In the most generic sense, legislative professionalization denotes
“the capacity of the legislature to act as an effective and independent institution” (Hamm and Moncrief, 2008, p. 154). Various researchers have sought to develop classification systems and metrics for differentiating between professionalized and citizen legislatures, and the multitude of studies and indices developed in this pursuit is a testament to the difficulties in arriving at any singular, definitive index. Work done by Squire (1992) is perhaps the most popular and widely accepted (Malhotra, 2006), with most political scientists generally categorizing the degree of legislative professionalism as a factor of session length, size of legislative operations, and salary.

Though general consensus exists with respect to defining professionalization along three the three variables of session length, lawmaker salary, and availability of staff resources and support, others studies have also sought to incorporate other measures into the mix when delineating amongst a professional or citizen body. For example, some scholars and authors might also attribute a fourth variable of operating expenses when attempting to operationalize legislative professionalism (Mooney, 1995). Attempts at conceptualizing exactly what it means to be a professional legislature have formulated a definition that speaks to their institutional capacity to operate with efficacy and autonomy relative to other institutional democratic processes (Hamm and Moncrief, 2008).

While Squire’s index provides a measure by which state legislatures are ranked relative to one another with respect to professionalization, Mooney (1995) finds that there are three broad categories that influence the extent to which professionalism has come to characterize a state’s lawmaking body. In this work, Mooney expands on the definition of legislative professionalism, characterizing it as the “enhancement of the legislature’s capacity to perform its role in the policy-making process with an expertise, seriousness, and effort comparable to other actors in the process” (1995, p. 48). Professionalism, when viewed in this light, requires the establishment
of an institutional framework conducive to and facilitative of legislative activities. This, in turn
demands resources, therefore making it a byproduct of state policy. Keeping this in mind,
Mooney (1995) purports that there are three main factors that influence policy, and consequently,
state legislative professionalism: state socioeconomic demographics and census, structures of the
state’s other political and governmental apparatus, and comparison to peer states.

Professionalization of the legislature can therefore be seen more as the enhancement of
its institutional capacity for effective legislative governance, as professional institutional support
staff present within the body shepherd it along in the governing process. Part-time legislatures
that are able to develop an institutional capacity gained through its professional cadre of research
and support staff, are just as professional as full-time legislatures, seeing no need for longer
session terms, or to employ full-time members.

Thus, operationalizing state legislative professionalism in terms of its institutional
capacity to operate effectively and independently, drives to heart of whether a legislature is
professionalized or not, and not the length of its sessions or whether its legislators are part-time
or full-time. Yet at the same time, having a legislature comprised of full-time, well-paid
legislators does impact the governance arrangements that are established within a legislature to
help ensure governance objectives such as responsiveness, accountability, transparency, and
deliberation, as well as the capacity of the institution as a whole to function efficiently and
effectively. Often it is the case that higher turnover occurs in legislatures comprised of part-time,
low-paid legislators. Such turnover has similar adverse effects on legislative capacity as that of
term limits, whereby staff becomes increasingly powerful as the knowledge gap and learning
curve created by new members make enacting sound, technical policy and legislation difficult.
Describing the mismatch in a salary model that provides financial motivations sufficient enough
to attract competent candidates to run for elected office at the state level, Alan Ehrenhalt (1997, p. 7) of Governing Magazine once observed, when it come to legislatures and lawmaking, “you pretty much get what your state is willing to pay for."

As a political institution, state legislatures collectively enjoy a checkered past characterized namely by underperformance, inefficiency, corruption, ineptitude, and lack of resources. Referred to as “moribund institutions” just a mere twenty-five years ago, they have nonetheless made considerable gains in their capacity as the principal law-making body within their state (Moncrief, Thompson, and Kurtz, 1996, p. 57). This increased capacity and efficacy is largely due to, and been accompanied by, the ‘professionalization revolution’ that has transformed the fabric of this institution of state politics. “Procedural changes, longer sessions, increased staff, and better resources” have all served to enhance the “decision making” faculties and proficiencies of state legislatures (Moncrief et al, 1996, p. 57). Serving in the role of “ombudsmen to bureaucracy,” professionalization became necessary to not only achieve such proficiencies, but to respond to the need to deliver constituent services thereby entrenching themselves as career politicians.

The degree to which professionalism has dominated the makeup and texture of state legislatures has earned it the moniker of “institutional cousin” to Congress (Francis as cited in Moncrief et al, 1996, p. 58). In this regard, state legislatures have increasingly exhibited behavior resembling that of Congressional processes trending towards professionalization, politicization of legislative procedures, division within the institution, and an antagonistic, progressively hostile and partisan political environment in which lawmakers must operate (Moncrief et al, 1996).
Capacity Gap and Revenue Estimating During the Recession

As state governments have moved towards increasing degrees of professionalization, so too has their infrastructure from a technical expertise and capacity standpoint increased. But while states have taken great strides in improving its capacity from a technical and analytic perspective by reforming government bureaucracies and organizations, establishing agencies, bureaus, or departments with for providing policy expertise and data to political officials, capacity gaps still exist today as was the case twenty years ago (Cigler, 1993). Policy analysis and technical capacity gaps at the state level in revenue estimating during the 2007 economic recession proved particularly damaging in compounding the fiscal challenges states faced (The Pew Center on the States and the Nelson A. Rockefeller Institute of Government, 2011). Juxtaposing the criticality of accurate revenue estimating for businesses, families, and government alike in setting future year spending priorities, inaccuracies in revenue estimates by state in fiscal year 2009 collectively added an approximately $49 billion in unexpected revenue shortfalls; the median error amongst states was a 10.2% overestimate (The Pew Center and Rockefeller Institute of Government, 2011). According to the study:

In a year in which state lawmakers faced $63 billion in midyear budget gaps – coming atop $47 billion they had already closed when crafting their budgets – the missed forecasts contributed to the need for tough and unexpected choices to cut spending, increase taxes, draw from reserves and borrow money.” (The Pew Center and Rockefeller Institute of Government, 2011, p. 1)

More troubling, though, is the contention that during off-cycles in the economy, when the accuracy of economic forecasting and revenue estimating matters most, states appear to be
making larger errors in their economic and budget models, exacerbating the challenges of what is already a difficult fiscal scenario for state lawmakers.

Though a number of factors contribute to the difficulties in producing correct economic and revenue estimates, from the budget processes and tax structures enacted within a state, to the national economic forecasts upon which states rely, capacity and expertise also plays a contributing role to such errors. For example, when auditing capacity in California was diminished due to the furlough of 200,000 workers in 2009, some 5,300 of the state’s Franchise Tax Board were later exempted from a second round of furloughs in 2010 given the technical gap their work fills in the larger revenue and budget process (The Pew Center and Rockefeller Institute of Government, 2011).

Further underscoring the notion presented herein which posits technical expertise and capacity of economic policy analysis is an institutional dimension of the politics stream, states have looked to improve their analytic capacity and expertise in response to revenue estimation errors. The formation of executive economic councils, which include members from both academia and the business community, not only augments the internal economic analytical capabilities of state governments, but also works to combat the temptation for politicization of economic forecasts in revenue and budget estimates already discussed within the policy analysis field. Implementing procedural reforms like consensus forecasting techniques, utilizing nonpartisan economic councils, and tapping the economics departments of institutions of higher learning to increase technical expertise provides an important depoliticizing component while at the same time buttressing the accuracy of policy analysis provided to lawmakers (The Pew Center and Rockefeller Institute of Government, 2011).
Meltsner (1972, p. 859) postulates that “analysis should lead to policies that can be implemented, and the study of [or focus upon] political feasibility is one way of bridging the gap between the desirable and the possible.” As will be discussed in the next section, the ability of state governments, spanning the political ideological spectrum, to explore a host of responses to the financial and economic crisis has been affected and shaped by a tangible shift amongst the electorate and politicians alike regarding the role of government following the onset of the recession in 2007 to the present. Thus, the political crosswinds and currents that have prevailed within state houses across the country will serve to restrict from a political feasibility sense the substance and nature of policy responses by state government to the economic recession and the immediate post-recession recovery period through 2011. Given the impact such political currents have in influencing policy responses for reform efforts within state governments, attention is turned to articulating this political atmosphere and hypothesizing how such a setting might shape state reform commissions from 2007 to 2012.

**Political Crosswinds and Currents**

The politics stream interacts with the problem stream to produce policy responses within the policy stream. The policy steam responses with which this study seeks to deduce will undoubtedly be informed and influenced by the political crosswinds and currents that serve to define the political and ideological frame that has prevailed amongst state lawmakers, state government, and the electorate at large during the period of 2007 to 2012 in which state government reform commissions convened.

Indeed, popular political sentiments have shifted and polarized the electorate since 2008. It is the first two years of President Barack Obama’s administration, and the fiscal and budget policies enacted by the Democratic controlled House and Senate to deal with the economic
downturn that set the stage for what would be an ideological debate between Democrats and Republicans regarding the size, scope, and functions of government. Record high spending levels and budget deficit spending during the first two years of the Obama administration – due in large part to the magnitude, depth, and severity of the economic and financial crisis confronting the nation, yet deficit spending nonetheless – helped contribute to the development of what would be the political and policy currents that would create what many political reporters, analysts, and observers would refer to as a “wave election” in 2010.

Political developments and policies that emerged in 2008 and 2009 at the federal level – most notably the Troubled Asset Relief Program (TARP), American Recovery and Reinvestment Act (i.e., the Stimulus bill), and the Affordable Care Act (i.e., healthcare overhaul or in the pejorative, Obamacare) – served to place the economy and government budgets and spending as a principal concern in the minds of voters. The unpopularity of these policies would eventually spawn a nascent political movement known as the Tea Party. Demanding accountability for what was viewed as excessive overreach and spending on the part of the federal government, the Tea Party political movement would eventually trickle down to the state level, impacting both the 2010 federal and state elections. Elections held in states across the country during November, 2010, resulted in a decidedly marked shift in state capitals in terms of the political and ideological viewpoints of legislators and governors alike towards the role of government. The Tea Party as a political force became aligned with more conservative and Republican Party views on government, and would be credited by many political observers for an historic election that swept Republican legislators into office across the country.

State legislators and governors gained control of state executive and legislative branches across the U.S. with the principal charge of shrinking government, reining in spending, and
limiting scope of public programs. Of the 37 gubernatorial contests voters cast ballots in, Republican candidates prevailed in 23 states compared to 13 by Democrats (NPR, 2010). And while all six Republican incumbent governors won reelection, only five of the seven incumbent Democratic governors prevailed in their reelection bids (NPR, 2010).

As the 2010 general election illustrated, the nation’s political leanings shifted substantially right as conservative political ideology gained traction amongst the electorate. The sweep of state legislatures and governors offices during the 2010 midterm elections piggybacked off a crushing defeat for the Democratic-controlled U.S. House of Representatives in Congress. In congressional contests, Republicans realized a net gain of 63 House seats, giving the GOP an overwhelming majority in the House of Representative: 242 to the Democrats 193 (The New York Times, 2010). The net loss of 63 seats by the Democrats represented the biggest mid-presidential term election loss since 1938 (Brady, Fiorina, Wilkins, 2011). In explaining the GOP’s historic election-night gains in November, 2010, polling showed it was largely “fueled by economic anxiety and unhappiness with Democratic stewardship of the country, a mounting political trend that first started to coalesce as a response against Obama administration spending, economic recovery, energy, and healthcare policies” (Pew Research Center, 2010). Moreover, despite overall unfavorable ratings towards the Republican Party itself, 53% unfavorable to 41% favorable, sizable election night gains were nonetheless realized at the state and federal levels (Pew Research Center, 2010). Amongst the electorate as a whole, a more conservative voter showed up to vote in the 2010 elections (Pew Research Center, 2010).

To be sure, while much of the analysis both amongst political reporters and political scientists focused on the political causes and effects of the election at the federal level, its reach extended also to that of state governments as well, permeating throughout a significant portion of
the electorate across the country. As Hansen (2010) observed, “Republicans successfully nationalized the election, expanding their congressional victories to the states.” Illustrating the extent to which the political landscape changed over the course of two years, in 2008 Democrats won a net gain of 100 state legislative seats and control of 99 chambers (Hansen, 2010). On the morning of Election Day in November, 2010, Democrats controlled both legislative chambers in 27 states compared to the GOP’s 14. Another eight states were divided, and Nebraska is considered nonpartisan. By the next morning, however, Republicans had gained majority control in 25 state legislatures (Hansen, 2010). As Hansen (2010), in reporting for the NCSL notes, a “GOP wave washed over state legislatures on Election Day…Election Night belonged to the GOP. Democrats did not win a single additional chamber, and saw their control slip to 16 legislatures. And the number of new seats for Republicans – some 675 – was truly historic. It is the largest Republican win since 1966, even bigger than the post-Watergate surge by Democrats in 1974. There are now more Republican state legislators than any time since the Great Depression.”

Such numbers indeed serve to reinforce acceptance on the part of the electorate of the policy visions for government the Republicans advanced. This, in turn, offers perspective and input into shaping the political environment in which state government reform efforts would occur. Republican Party majorities wrested control of state legislatures, and held executive branch gubernatorial seats that followed conservative policy priorities, represented by a blend of libertarian and conservative fiscal policy based on principles of limited government, smaller bureaucratic footprint, reduced spending rates and budgets, and lower tax rates in pursuit of economic freedom. These policy motivations have come to define and direct the renewed
outlook towards government programs, policies, and structures in Republican-dominated state governments.

But where past budget crisis incorporated or at least examined revenue enhancements by way of increased fees or taxes, the sweep of Republicans to legislative majorities seems to suggest that state government responses to this crisis will focus almost exclusively on spending cuts and restructuring public programs that limited their size and scope. Drawing from the political pulse of the electorate and the mandate the 2010 elections would provide, Republican demands – for the most part – would be oriented almost exclusively towards cutting budgets and government spending. This point is important as it suggests a description of the political landscape in which state government reform commissions would report out recommendations and inform the underlying political motivations and calculus in which reform and government redesign efforts were crafted. Expressing dissatisfaction with the direction of the overall economy, government spending trends, and expanded scope of government programs, voters would essentially offer direction, from a political and ideological perspective, to lawmakers in terms of the direction for reforming future government spending and economic policies.

The milieu in which reform efforts in state legislatures across American have taken shape is characteristically Republican-dominated, signaling a climate for reforming government at the state level fertile ground for fiscally conservative policy responses. Though explaining the development and underlying logic of the political debate is beyond the scope of this research, detailing its existence and outlining its potential impacts on the types of reforms to be produced at the state level is nonetheless inherently germane and relevant as it is in this environment in which the policy responses of reform efforts have coalesced for advancement and championship for state responses to the economic downturn. In this light, the recession served to put into
sharper focus the larger political and ideological debate over government spending and delivery of public programs. The political climate essentially became a fertile ideological ground in which policy responses to budget pressures created by the downturn would focus on efficiency, equity, effectiveness, performance, responsibility, transparency, accountability, and responsiveness.

To further draw out the prevailing political atmospherics and crosswinds in which state government reform efforts proceeded, it is useful to look back to previous economic downturns and examine the reform initiatives that emerged in response to those challenging fiscal environments in order to bring greater context to the timeframe analyzed in this study: economic downturn and its immediate aftermath from 2007 to 2012. The fiscal situation that prevailed across the states following the recession of the 1970s produced reforms that eventually gave way to a new fiscal institutional arrangement. This arrangement, known now as the rainy-day fund, emerged to help combat the budget challenges recessions presented state lawmakers, and provide a tool for navigating what could be a hostile environment, in the political sense, due to unpopular spending cuts to programs and services, or tax increase, that would typically coincide with a downswing in the economy and ultimately anger the electorate. The fiscal milieu they paint in providing the background context behind the development of state stabilization and rainy-day funds is telling because it offers insights given its similarities to the political and fiscal climates facing states during the 2007 financial downturn. If the past is prologue, then the political climate that came to define the states following the austere, budget and spending cutting agendas in the aftermath of the recession of the 1970s is the same as that following the economic recession of 2007 and its immediate aftermath. They note:

The 1980s and early 1990s were in sharp contrast to the improved fiscal health states experienced during previous three decades. In particular, the 1980-1982 recession caused
severe fiscal crises for states. Despite large tax increases during the recession, most states were not able to maintain expenditures. The result was cuts in state programs and increased turnover in state legislatures as incumbent politicians were ousted for the poor fiscal situations being experienced by states. The combination of sluggish revenue growth, and the increasing popularity of expenditure and tax limit laws which emerged during the late 1970s, limited the policy options available to state decision-makers and help propagate the reliance on non-traditional sources of revenue…(Wagner and Sobel, 2006, p. 177)

Polling data during the time period surrounding the economic downturn of 2007 signals similar support for shaping a political environment in the post 2007 recession period not unlike that of the one described following the recession of the early 1980s. Gallup polling in 2009 demonstrates how the popular sentiment towards the size and purpose of government turned decidedly against government interventionist policies and programs in the economy. In September, 2009, 57% of Americans indicated they felt government was too involved in business and the economy, actions best left to individuals and businesses (Newport, 2009). Government regulations, another popular mantra for political reformers seeking to reduce the government’s footprint, produced similar opinion ratings, as 45% of Americans viewed government regulations as too much, compared to 27% that felt government achieved just the right balance (Newport, 2009). At the time of the poll, sentiment that government was doing too much to try and fix the anemic economy, as well as related to its regulatory network for business, was the highest in a decade (Newport, 2009). Appetites for reforms within the electorate that would yield a smaller government footprint dominate the electorate’s mood in 2009, and
dovetailed by action at the ballot box in 2010 as voters overwhelmingly turned to a Republican party that shared the same views for reforming government.

**Politics Stream Summary**

In the context of this study, the policy steam responses and proposals with which the study seeks to deduce have been influenced with focus on one side of budget ledger – spending. Whereas past budget crises incorporated or at least examined revenue enhancements by way of increased fees or taxes, the state responses to this crisis focused almost exclusively on spending cuts. This point is important as it serves to provide the political milieu in which state government reform commissions would report out recommendations, and inform the underlying political motivations and calculus in which policy responses were crafted.

Moreover, the politics stream, from political milieu context, represents the fertile environment in which reform proposals in response to the financial crisis are grounded. In essence, the political crosswinds dictate to a large extent the panoply of policy proposals developed for responding to the budget pressures brought about by the economic recession. In terms of the political environment in which state government reform studies were commissioned, there is no denying a decidedly right of center shift in the prevailing political winds and ideologies in which citizens were demanding government reforms. The rise and popularity of the conservative political movement known as the Tea Party helped drive a policy focused narrative of spending cuts and structural reforms that would also achieve such budget ends. Thus, the 2010 mid-term election provide evidence with regards to informing the political and governance reforms one can expect to be reported out from state governance reform studies given the success amongst politicians espousing Tea Party based political views and platforms – a political
orientation that is principally focused on conservative fiscal policy tenants and reining in excessive government spending at the federal and state levels.
The Policy Stream:

Reformist Themes within Public Administration and Governance

The policy stream within the multiple streams heuristic represents the policy solutions or policy responses developed for dealing with the policy problem presented to legislators and policy makers. The policy stream section will thus provide useful insight towards the underlying conceptual basis for the construction of content categories to be employed during the content analysis phase dissecting the volumes of state reform committee reports which detail reform proposals and solutions for the redesign of state government. In developing the policy streams that will serve to inform the subsequent coding process during content analysis, the section takes an historical approach by recounting the refinement of public administration as a self-aware field of academic study.

To this end, the section is outlined accordingly. First, it traces the history of the public administration discipline’s reformist theme, identifying the core democratic values and principles that provide the bulwark for such a theme. Next, it looks at the introduction of various public administration and management heuristics and models, namely that of Performance Management and New Public Management, that have provided enduring themes for grappling with the challenges of managing an expanding bureaucracy in a democratic society. As this study seeks to summarize policy responses in the aggregate, macro-statewide level, this section incorporates both a historical and paradigmatic perspective of public administration thought in articulating the policy streams that lie at the confluence of larger-scale political sentiments and institutional considerations to illustrate state government mutability and reform themes from 2007 to 2012. It is anticipated that the development of an historical perspective of public administration, and more specifically, the democratic, political and policy values and principles that have provided
the basis for previous reforms, will prove informative in sharpening the focus of the subsequent content analysis and themes to be searched therein.

Reform as a Theme in the Foundations of American Governance

As a recurrent theme in public administration, the topic of reform and reform movements are deeply ingrained within the historical and theoretical development of American public administration as a self-aware field of study. This section details a discussion regarding the legacy and impact reform has had on shaping current debates within the discipline. Given the political milieu previously described, one in which the public and lawmakers alike clamor to pursue a reformist theme in government, an understanding of reform’s historical context is germane in shaping the political and governance debates of today.

Public administration scholar Frederick Mosher and his seminal work Democracy and the Public Service remains an influential work in impacting the development of public administration since its publication in 1968. His preface to the second edition is without question telling in its application to present-day public administration and politics, in which Mosher (1982) capitulates:

Had I been a more prescient soothsayer in the mid 1960s, I might have foretold the strains that American democracy would undergo in the years following: the growing disillusionment in government generally; the fractionation of leadership in Congress; the weakening of the political parties (especially the Democratic Party); the multiplication of interest groups, including those with narrow or single objectives; and the growing difficulty of achieving political compromises, let alone consensus…Some of the changes in the responsibilities of American governments have profoundly affected the nature and problems of the public services. Contrary to widespread popular impressions, changes in
kind and in scope have been far more extensive than changes in dimensions…The more
dramatic shifts have been in the ways that government money is spent and the kinds of
things that public employees do. (p. viii-ix)

Reconciling the foundational precepts of American governance with that of a public
service consisting of public administrators of neutral competence and expertise who lack direct
accountability and representativeness to the people they serve has proven to be a tenuous
exercise for public managers and lawmakers alike. Writes Mosher with regards to this central
theme, “How does one square a permanent civil service –which neither the people by their vote
nor their representatives by their appointments can readily replace –with the principle of
government ‘by the people’” (1982, p. 7). Mosher’s writings largely emerge out of the need to
revisit public administration in the context of a newly expanded governmental structure and role
which developed to address the post-World War II era and society. In so doing, the work
highlights public personnel themes such as higher education and its relationship to the “nature
and quality” of the public service, the movement toward professionalism within the public
service, evolution of the civil service and its relationship to the public service, and the unique
role, morality, responsibility, and ethics of a public administrator in administering the workings
of government in the name of public service consistent with democratic government and
institutions (Mosher, 1982).

**Historical Approach to Reformist Theme of American Governance**

The reformist theme within public administration is engendered not only in the works and
scholarship of notable academics within the field, but also in various movements, periods, and
legislative acts that have shaped American history. Within a historical context, reform has
manifested itself in various periods of U.S. development. In a 1983 *Public Administration*
Review article, Van Riper argues that there have been two periods within U.S. history by which the American administrative enterprise has met the ten criteria that characterize an administrative state. The first period occurred under what Van Riper terms the “Federalist-Jeffersonian auspices” from 1789 – 1829. The second was from 1876 through the end of WWII. It is significant to note that the second period coincides with the dawn of the Progressive era as well as the massive and rapid expansion of the administrative mechanisms of the federal government to adequately deal with not only two worlds conflicts, but also the Great Depression.

During the first period Van Riper (1983) asserts the U.S. government met the criteria of an administrative state, reform was evident and inherently enmeshed as the principles and foundation of the new American government being established. In the wake of the failed Articles of Confederation emerged the Constitution, and a constitutional framework that offered little guidance for strengthening the administrative capacity and bureaucratic organization needed to run a new nation. Thus, very origins of the U.S. materialize from the recognition by our founding fathers of the need to reform the system of administrative governance under the Articles. Not only reforms, but administrative decisions enacted by the Federalists and Jeffersonians during the late 18th century and early 19th century would have a lasting impact on the development of American public administration and entrench the reform notion into America’s political culture.

From 1789-1829, the outlines of a U.S. system of governance began to take shape. Often the Constitution was silent in establishing our administrative apparatus, with Federalists such as George Washington, and most notably Alexander Hamilton, being forced to rely on modifying past classical republican institutional frameworks. Arguably the founder of American public administration, Hamilton helps to create an administrative state that contains classical organizational design features and hierarchical department structures, incorporates rational
decision-making, all founded upon ethics and law. Federalist reforms during the time also create a strengthened, more vigorous presidency and executive branch. This reverses a trend that tended toward a weak executive, and would serve to advance and entrench public administrative capacity even deeper. Finally, the Hamiltonian treasury perhaps imbued the ideals of administrative enterprise of the time, using quantitative analysis, centralization, and systematic procedures and principles for providing for the nation’s money supply. Emerging at the precipice of a failed system of governance, these early reforms to the institutional frameworks created by the Constitution helped establish the first American administrative state. In essence, the Federalists are able to craft an administrative system from almost nothing found in the Constitution.

The period of the United States second administrative state would not begin until 1876 (Van Riper, 1983). During the intervening years, from 1829-1876, American public administration was plagued by a Jacksonian spoils system that epitomized corruption and weakened the public’s trust in government. The Progressive era emerged mainly in response to the age of Jacksonian spoils and corruption, and represents not only a period of robust research and capacity building in the theory and practice of American public administration, but denotes a time of significant administrative reforms.

During the Progressive era, various reforms were implemented to strengthen the American administrative state. One of the most notable reform legacies of the Progressive era is the Pendleton Act that reformed the American civil service system. Although Washington himself had relied on technical expertise, merit, and tenure for employment in his administration, this was a public administration value soon reversed and long forgotten during the Jacksonian period. Other reforms also ensued as statesmanship, ethics, and responsibility emerged as central
values integral to the practice of public administration. The classical, public administration orthodoxy comprised of the politics-administration dichotomy, POSDCORB\(^1\), and scientific management and principles of administrative science dominated many of the reform acts. For example, the General Staff Act of 1903 brings the tenets of command and staff organizational design features to the Army. Largely successful, this would later be expanded to the entire military post-WWI, and serve as a guiding principle in structuring the alphabet soup of departments and agencies created to handle the expansion of the federal government during the Great Depression and WWII. Recognizing the need for a more rigorous quantitative analysis for budgeting, and in-step with the values of a politics-administration dichotomy, the Bureau of Budget was created and the executive budget and appropriation process increasingly formalized between Congress and the presidency. In response to FDR’s President’s Committee on Administrative Management, the Reorganization Act of 1939 was passed establishing the Executive Office of the President and reaffirming administrative power and capacity of the executive. Personnel offices were also set-up within departments providing administrative expertise and competence for personnel management. While oversight and post-audit functions would be done by the Civil Service Commission, staffing a civil service congruent with civil service values of accountability, responsibility, and technical expertise and skill became a feature inherent to individual departments and agencies.

Beyond civil service reform, the period ushered in by the Progressives and continuing through the end of WWII saw renewed life in the field of public administration, particularly

\(^1\) PODSCORB (Planning, Organizing, Staffing, Directing, Coordinating, Reporting, and Budgeting) is the acronym first introduced by Luther Gulick during the classical period of public administration. Gulick’s PODSCORB was a central element of his principle of unitary, concentrated executive authority and leadership in administration. In contributing to the development of a science of administration, it was Gulick who first asserted PODSCORB as those functions around which executive organization should be structured as a mechanism for ensuring authority and control in administration (Fry and Raadschelders, 2008).
within academic circles. Many point to Woodrow Wilson’s famous 1887 essay for bringing renewed interest in a discipline of public administration as a self aware field of study. Arguably the golden-age of public administration scholarship, the orthodoxy that emerged no doubt breathed new life into America’s system of governance and provided a theoretical and empirical backdrop from which to couch many of the administrative reforms enacted during the time.

Although the orthodoxy would not hold-up to later scrutiny in the post-WWII era, its writers and scholars no doubt set the field in the right direction of inquiry and study in pursuing a science of administration. In 1926, Leonard White publishes the first public administration textbook advocating the orthodoxy, defining public administration as a field rooted in management as opposed to law. In 1937, Gulick’s POSDCORB appears in *Papers on the Science of Administration*, which advocates building administrative capacity at all levels of government through utilizing classical structural and organizational features. Taylorism and a scientific management approach would embody the majority of reforms proposed and enacted between 1876 thru the end of WWII (Light, 2006). Founding of the Maxwell School and the first graduate Masters of Public Administration program in 1924, the New York Bureau of Municipal Research (‘bureau movement), American Society of Public Administration in 1939, and *Public Administration Review* in 1940 all helped provide the academic framework within which reforms of the time were researched, advocated, and enacted to increase effectiveness and efficiency in discharging the business of government.

While the majority of reform themes from an historical approach have been recounted from a federal level focus, as discussed in the politics stream section, so too have state legislatures professionalized and reformed themselves over the years. In so doing, they have
looked to the professionalism and technical capacity of Congress and the federal government as a model.

**Typology Approach to Reformist Theme of American Governance**

Reform has played an undoubtedly significant role in the efforts of early public administration scholars to describe and analyze the historical underpinnings of the field of public administration. But in shifting gears to the topic of reform and its continued evolution and impact to the discipline into the 21st century, one scholar, Paul Light, emerges as having constructed a uniquely notable analysis of the reform theme within American government during the latter part of the 20th century. Thus, in addition to historical analysis, the other approach for tracing the reform theme within public administration is to use a typology perspective.

Light’s *The Tides of Reform* offers a discussion of reform that centers on the notion that within American government, there exist four main tides with which to classify reform efforts by Congress: scientific management, war on waste, watchful eye, and liberation management (Light, 1997). Light makes the argument that reform movements in American government follow four main themes, and like the tides, these reform typologies ebb and flow with the popular sentiment which prevails amongst the public discourse at that particular time. As Light proclaims, these represent the “four competing philosophies of government reform” (1997, p. 17). As legislation is presented and acted upon by Congress, its format will be largely determined by the public’s general yearning and desire for a particular format of accountability. In articulating the importance of the four reform philosophies, Light (2006) argues:

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2 Herbert Kaufman’s (1956) work was an earlier effort at developing a similar reform typology within public administration. Kaufman’s central thesis was that American bureaucracies and administrative institutional arrangements were organized and operated to achieve the three values, which he designated as representativeness, neutral competence, and executive leadership. The existence of each of the three values can be found in varying historical periods in the development of U.S. political and administration institutions, with emphasis shifting from one to another “as a consequence of the difficulties encountered in the period preceding the change” (Kaufman, 1956, p. 1057).
Each philosophy plays a role in maintaining the Constitution’s delicate balance between
government strength and limits on strength –that is, between a government that is strong
enough to protect the nation from foreign and domestic threats yet not so strong that it
threatens liberty itself. (p. 7).

In other words, the four tides of reform typologies help make an otherwise imperfect system of
government work. In many respects, reform as a theme within public administration underlines
this central notion –changing government in a manner that enhances the efficiency and economy
with which public managers can execute the workings of government in addition to improving
the delivery of services to the public.

Light’s Tides (1997, 2006) typology is one whereby administrative reforms with U.S.
development can be categorized into one of four groupings. Like the tides, America’s appetite
for a particular reform ideology fluctuates, following historical patterns that reflect the prevailing
mood and political climate. Scientific management as a reform typology was popular during the
Progressive era from 1876 thru the end of WWII. During the Reagan years, war on waste was the
reform ‘flavor of the day.’ During the 1990s, liberation management became the new fashion as
New Public Management, managerialism, decentralization, contracting out, and public service
entrepreneurialism took root under the Clinton administration. Watchful eye and strengthening
accountability is a typology consistent throughout and given even greater prominence in the
wake of the most recent financial crisis and economic recession from 2007 thru the present. A
content analysis of governors’ state of the state addresses delivered in 2009 confirms this focus,
with performance, responsiveness, accountability, and transparency as issues expressed by
governors to be placed on the policy agenda for state governments to tackle (Willoughby, 2009).
Governors referencing performance and accountability as policy priorities increased by roughly
9.5% from 2008 to 2009, while transparency as a concern saw a 17.5% increase over the previous year (Willoughby, 2009).

Defining and classifying the tides reflects what can be argued as political and policy values inherent to public administration while also help shape the direction of the field. Whereas scientific management is a popular reform theme within the executive branch, and relies primarily on blue-ribbon commissions (Brownlow Committee, 1st and 2nd Hoover Commission), the legislative branch usually points towards reforms that embody watchful eye and war on waste approaches. Moreover, this is consistent with a congressional approach that is more interested in compliance and accountability issues within public administration, as opposed to the presidential approach that is typically concerned with performance.

**Governance Values of Reform from an Historical Context**

The Constitutional foundations enjoyed today in fact emerge out of a need to reform a failed state under the Articles of Confederation. Although a thread of reform in public administration runs throughout U.S. history, reform’s impact to the American administrative enterprise is most discernible during the post-Constitutional period thru 1829, and the Progressive era from 1876 – 1946. The business cycle of the economy, world conflict, massive immigration, rapid urbanization and technological progress, and a backlash to spoils and corruption ushered in the need for increased administrative capacity and system of governance in the U.S. Since 1946, administrative reform has continued and its pace expanded as the sedimentation and layering of administrative rules and regulations permeates the American bureaucracy. As a mechanism for accountability, reforms have always been in pursuit of effectiveness, efficiency, and performance, values that are inherent to the responsible practice and theory of public administration in a democratic government. Not the first, but arguably one
of the most influential works, Mosher (1982) dissects the “typology of administrative reform” through a historical lens (Plant, 2008, p. 183). In essence, Mosher uses historical analysis to help explain and elucidate the development of an administrative science within the U.S. that reconciled democracy and efficiency in government administration (Plant, 2008).

Reform as a theme has played a considerable role in influencing the growth and development of public administration as a self-conscious discipline and profession. In many respects public administration as a field can trace its roots and foundations to the early reform movements of the late 19th century which sought an end to the spoils and patronage systems that dominated the public civil service. It was these early Progressive-era civil service reformers who advocated for the adoption of a merit-based civil service system that helped give rise to the field of public administration as a self-aware, self-conscious discipline within the U.S.; particularly given their influence on former U.S. president and scholar who is largely regarded as the founding father of American public administration, Woodrow Wilson. Although public administration as a self-aware field was already “highly developed within Europe by the 1880s,” it would take civil service reform coupled with the writings and literature emerging from Europe to help shape and develop the discipline with America (Martin, 1988, p. 631). As the corruption and inefficiencies of government based on a civil service system of spoils and patronage became increasingly evident, so too did the need to reform to a public service more entrenched with ideals of merit, neutral competence, and technical expertise. As such, Woodrow Wilson was greatly influenced by the civil service reform movements which eventually resulted in the passage of the Pendleton Act. An “ardent advocate of civil service reform” himself, as well as a former president of the National Civil Service Reform League, civil service reform served as the impetus for his landmark publication and essay that is viewed today with such high regard within
the field of public administration, *A Study of Administration* (Mosher, 1982, p. 70). As Mosher comments, “Wilson saw administrative reform as the necessary sequel to civil service reform” (1982, p. 71). In referring to the impact reform, specifically civil service reform, had on his own scholarship in providing the genesis and inspirations for his seminal essay, Wilson himself capitulates:

We must regard civil-service reform in its present stages as but a prelude to a fuller administrative reform. We are now rectifying methods of appointment; we must go on to adjust executive functions more fitly and to prescribe better methods of executive organization and action. Civil-service reform is thus but a moral preparation for what is to follow. (Mosher, 1982, p. 71)

Thus American public administration is born. Moreover, it was this current of civil service reform that lent itself to the emergence and development of one of public administration’s founding and most controversial precepts; that is, the politics-administration dichotomy construct. Laments Mosher, “The reform movement implicitly relied upon a separation of politics and policy from the work of administration” (1982, p. 82). Wilson is credited with formulating the politics-administration dichotomy in his 1887 essay *A Study of Administration*. Couched in the context of the civil service reform agenda of the Progressive era, the dichotomy provided a useful tool for Progressives in achieving civil service reform.

The neutral competence on the part of administrators, as advocated in the politics-administration dichotomy, was used to reinforce the notion that administrative matters concerning the workings and operations of government lie outside the sphere of politics and patronage. As Mosher states, “The early civil service acts and the development of the civil service idea over many decades depended upon and contributed to the notion that politics and
policy were, or should be, separated from administration” (1982, p. 72). The “political neutrality theme” (Mosher, 1982, p. 71) of which the dichotomy underlined was used to “depoliticize” (Rosenbloom, 2008, p. 58) the public service, ultimately allowing reformers of the Progressive era to enact the civil service reforms which begun the shift of the U.S. civil service from one of spoils to that of a merit based, open service system with competitive examinations. As Rosenbloom writes, “Administration should not be driven by partisan patronage and electoral politics. Treating the dichotomy in this fashion clears up a great deal of confusion” (2008, p. 57). Consequently, the dichotomy embodied that of a political tool used by the Progressives to achieve reform while at the same establishing the foundation of one of the field’s guiding constructs.

The patronage and spoils systems which dominated the American civil service prior to the Progressive Era gave rise to a class of politicians and officials both unskilled and unqualified to execute and administer the business of government consistent with the public good. To remedy this problem, Progressives and civil service reformers advocated for creation of a merit system of civil service employment, in effect ending the patronage system by combating against the “partisan coercion and official favoritism” while more importantly employing “the best public servants” (Rosenbloom, 2008, p. 58) to direct the functions of government.

While broadening the conceptualization of politics within the politics-administration dichotomy leaves the construct today as largely untenable within the field, it is nonetheless a more accurate portrayal of “contemporary reality” when “limited to [a] partisan politics versus administration” light that was dominant in the era of Progressive reform from which it emerged (Rosenbloom, 2008, pp. 58-59). Indeed, the role of reform as a theme within public administration has proven significant, not only in impacting the development and birth of the
field, particularly within the context of civil service reform movements of the 1880s, but also in further shaping the discipline’s theoretical underpinnings and models, namely, that of the politics-administration dichotomy. While “corruption and scandal associated with the public service during the middle decades of the nineteenth century provided a moral groundwork for civil service reform,” it was the theme of reform couched in the backdrop of civil service reform that helped spawn the growth and development of public administration as a field and self-aware discipline of study (Mosher, 1982, p. 82). Moreover, reform as a theme within public administration proves to remain an inherent fixture within the field moving forward. This is mainly attributed to Light’s observation that the pace and variety of reform has accelerated in recent years, presenting new challenges for public administrators given the rising role of Congress and the legislative branches at all levels of government in proposing and enacting reform legislation (1997). The ability to navigate the reform landscape may well prove one of the most significant hurdles to success as public administrator heading deeper into the 21st century, particularly given the thickening or layering administrative reform tends to have within government.

The impact of reform to the field of public administration is undeniable and understanding the legacy and typology of reform undoubtedly shapes the nature of the field by providing it direction for subsequent development. Reform’s purpose has always been in pursuit of increased capacity and performance, promises of efficiency and effectiveness; these have long been the mantra of reformers. Such was the case in 2009, as governors across the nation largely echoed the priorities of a new presidential administration, placing a policy emphasis on the areas of performance, accountability, and transparency (Willoughby, 2009). Reform not only helps define what values are important to public administration and the larger political context within
which public administrators serve, but also represents the primary mechanism by which public administration and public managers can be held accountable. As a central theme of public administration, the reform of institutions, process, and systems represents a primary means by which one can hold a permanent civil service accountable to constituents within a democratic framework of governance. Moreover, the charting of the tides reflects not only the various reform philosophies and ideologies that have evolved within public administration, but the richness and innovation of administrative professionals who constantly seek a better science of administration.

Mosher’s (1968) writings on reform and responsibility and ethics, as it relates to professionalism within public personnel management and service, further encapsulate this notion. Values of responsibility, what Mosher terms the most important word in the vocabulary of administration, both public and private, underscore the reform theme within public administration. Whether it is using a historical context from which to chart reform, or a typology approach, administrative reform initiatives have always had one underlying theme, and that theme is responsibility. Scientific management – the classical public administration orthodoxy – was in pursuit of increased performance because the job of public administrators is to effectively and efficiently carry out the business of government. To do anything less would be considered irresponsible. Watchful eye and liberation management, all implicitly recognize the importance of responsibility to the reform theme; in the case of war on waste, outwardly and explicitly so.

**Major Contributors to the Reform Theme**

Attention is now turned to briefly outlining some of the more influential and significant writers and theorists within the field of public governance and administration. By putting forward a profiling of the discipline’s more noted scholars, this section offers insight in to the
development and evolution of public administration’s more marked policy responses, movements even, to both legislative and popular demands for more effective, accountable, efficient, and responsible American governance: Performance Management and New Public Management. Outlines of the Performance Management and New Public Management paradigms within public administration are sketched given their prevalence within public administration’s present-day narrative, and influence that they have in offering theoretical heuristics for public governance as well as in transforming program implementation debates in the public administration and policy field. It is suspected that intellectual strands of both the Performance Management and New Public Management paradigms will be found in state government’s restructuring and redesign efforts in response to the recession.

While numerous scholars have addressed the issue of reform in the public administration literature over the years, only a handful may be labeled as major contributors to understanding reform as a theme in public administration thinking. Great academics, thinkers and practitioners alike to include Wilson, Gulick, Van Riper, Mosher, and Light would undoubtedly make the list, with each making their own unique contribution to the conceptualization and appreciation of the history of reform within public administration study.

As previously discussed in reference to Wilson, it was the civil service reform efforts of the Progressive era which, in turn, influenced and contributed in large part to the theoretical origins of his 1887 essay. Once heralded by Waldo as “the most significant work in the history of self-aware Public Administration, a source of seemingly endless stimulation and controversy,” Wilson’s essay proves not only monumental in the field of public administration, but as a major contributor to the reform theme which underlies public administration thought.
Again, it is worth noting that Mosher, in his book *Democracy and the Public Service*, charts the reform theme within the historical context of public personnel systems, offering a historical lens with which to analyze the major reform efforts of personnel in the public service. Accordingly, the reform theme is central to Mosher’s discourse in reconciling democracy with public service. Commenting on this aspect, Plant (2008) writes:

There is the compelling breakdown of the development of the federal service into distinct phases, based on the reforms enacted by different generations who sought to find balance or formula for reconciling the need for a public service that, on the one hand, could be effective and, on the other, that fit with democratic values and process. (p. 182)

Gulick, as a member of the President’s Committee on Administrative Management, contributed not only to the Brownlow report, a powerfully insightful panel and study commissioned by the Roosevelt administration which sought to more fully develop the science of administration and functions of executive management within government (Fry and Raadschelders, 2008). Additionally, his publication *Papers on the Science of Administration* is viewed as a landmark contribution to the study of public administration that dissect the science of administration and management in the public sector through the reform lens of scientific management (Fry and Raadschelders, 2008).

Reform as a theme within public administration is engendered not only in the works and scholarship of great academics within the field, but also in the various movements, periods, and legislatives acts of American history. To borrow from Light (1997), “there are many ways to track the history of reform –through administrative regulations, blue-ribbon commissions, executive orders, budget circulars, job descriptions, organizational charts, congressional committee hearings” and congressional reform statutes (2006, pp. 7-8). Using his tides typology,
Light (1997) presents an insightful perspective regarding some of the more major reform initiatives engendered through legislation, commission, or committee hearing. The most notable of these reforms emerges from the Progressive period and is represented by the Pendleton Civil Service Act that reformed the American civil service system. As a reform statute, the Pendleton Act included a mix of all four reform tides advanced by Light (1997). As a reform period, the ushering-in of the New Deal and post-World War II eras brought with it significant attempts at reform.

In addition, reform initiatives during this time helped increase the visibility of public administration and reinforced its legitimacy as a distinct field of merit and scientific analysis. Reform during the New Deal and post-World War II periods were embodied less by legislation and more by commissions and panels empowered by the president. More noteworthy examples include the President’s Committee on Administrative Management (also known as the Brownlow Committee) of 1937, the first Hoover Commission on Organization of the Executive Branch of Government in 1947, and the second Hoover Commission in 1953 (Light, 1997). These commissions were again dominated by the reform tide of scientific management, with an emphasis on reforming government structure to achieve economy and efficiency in the public sector. However, in the wake of the Watergate scandal, reform emphasis moved away from scientific management and more towards the tides of watchful eye and compliance focused. For the most part, the war on waste as a reform theme gained traction during the Reagan years, but when coupled with the introduction of liberation management, gained considerable prominence during the Clinton administration of the 1990s as Gore’s National Performance Review defined the liberation management tide of reform. Together, these reform initiatives and movements, as well as the scholars who wrote about them, serve to make public administration a self-aware
discipline, illustrating reform as a theme that not only gives the field its identity, but helps describe and understand public administration’s evolution to the present.

**Evolutionary Context of Reform Paradigms**

The maturation of the field of public administration theory and study in the United States has been one of response to the evolving and dynamic changes brought on by a rapidly industrializing society and the institutional structures required for effective governance in such a milieu. From its earliest classical blueprints seeking to develop a general science of management and administration principles within business that could also be applied to the public sector, to the emergence of the administration-as-politics approach and new public administration movement, public administration scholarship reflects the coherent synthesis of an eclectic group of social sciences disciplines. Adopting theoretical constructs from such social science fields as economics, sociology, and psychology, and political science, public administration is, in the words of Fry and Raadschelders (2008), a “cumulative” discipline. As Camilla Stivers (2008, p. 53) notes from chapter one of Dwight Waldo’s heralded public administration classic *The Administrative State*, “Despite occasional claims that public administration is a science with principles of universal validity, American public administration has evolved political theories unmistakably related to unique economic, social, governmental, and ideological facts.”

As a theory that seeks to develop a science of administering public and governmental affairs, public administration continues to evolve as a practical and academic endeavor. Indeed, public administration scholarship is a process of conceptual and theoretical additions within the larger social sciences setting, building and expounding upon the foundations of earlier, relevant philosophical precepts regarding administration and management.
Contemporary public management as a subfield – described as liberated managerialism, competition oriented and incentive driven – is grounded in the history of the larger traditional field of public administration as both its cumulative and borrowing aspects have served to influence its present-day state. Public management is rooted in the traditions of public administration, and represents an outgrowth thereof. It is this fact that frames the ensuing intellectual discussion surrounding public management theory. Understanding the development of contemporary public management requires one to trace the historical contexts that inform public administration. With an emphasis on improving governance and increasing the efficacy of services delivered to society, its history is very much one that is the evolution of public administration as a self-aware field of administrative science. It is important to note, moreover, that this overarching goal which drives the fields of public administration and management overlaps significantly with and is enmeshed in that of state restructuring and reform efforts following the recession. The foundations for the research design are established from this academic context.

From the classical perspective, definitions of public administration focused primarily on the application of knowledge and principles of organization and management in the execution of government activities and resources. A few examples are illustrative of public administration from the classical orthodoxy perspective. Goodnow (2010, p. 73) refers to public administration as the “function of executing the will of the state.” White (1939, pp. 7, 12) in offering a definition of public administration, also establishes early linkages to public management, stating “The objective of public administration in the sense of management is the most efficient utilization of resources at the disposal of officials and employees…the effective conduct of public business.” Central to this classical notion of public administration was the division of
politics and administration as two separate and distinct spheres – a politics-administration
dichotomy.

More importantly though is the notion that public administration should be viewed
principally and foremost as both a borrowing and cumulative discipline (Fry and Raadschelders,
2008). With historical roots as an outgrowth of political science (Waldo, 1948), public
administration has also grappled with an identity crisis within the literature. That is, public
administration has borrowed in the sense that its scholarship reflects the coherent synthesis of an
eclectic group of social sciences fields, adopting theoretical constructs from such social science
fields as economics, sociology, psychology, and political science. To be fully understood is to
first place public management in its proper political, economic, and constitutional context (Guy,
2000). Waldo (1948, p. 3) observes, “Despite occasional claims that public administration is a
science with principles of universal validity, American public administration has evolved
political theories unmistakably related to unique economic, social, governmental, and ideological
facts.” As a cumulative discipline new knowledge, theories and techniques within the field are
layered, akin to sedimentation, rather than being substitutive or supplementary.

Thus, public administration’s development has been very much influenced by distinct
ideological and institutional governing frameworks, “conditioned in diverse ways by the
peculiarities of our constitutional and political systems” (Waldo, 1948, p. 7). Or as Lynn (2006)
views it, public administration evolution followed a path dependency theory based upon
America’s institutional traditions of democracy and governance. Lynn (2006, p. xii) writes, “The
history of public administration, which encompasses the emergence and evolution of structures
of authority, of ‘best practices’ of institutionalized values, is also, therefore a history of public
management.”
Given both the prolific and provocative nature of Lynn’s (2001, 2006; Riccucci, 2001) work on the topic of public management, his idea of path dependency applied to public administration deserves further consideration given its grounding in and alignment with the borrowing and cumulative aspects of the discipline. Lynn (2006) uses a comparative approach that applies path dependency theory within the context of four western developed countries – U.S., U.K., France, and Germany – to conceptualize old from new public management. He attributes the equilibrium and tradition-laden preference that path dependency produces as being rich enough to counter the trends and currents of globalization’s propensity for establishing institutional isomorphism.

Despite the eager embrace of the managerial, market-oriented, and entrepreneurial aspects found in NPM of the 1990s in both Europe and the U.S., the distinct peculiarities with regards to public administration’s maturity within all four nations have managed to more or less preserve their conventional and established institutional processes and practices, while at the same time accounting for their variegated implementation and application of public management in government operations. To support his path dependency argument, Lynn (2006) affirms:

In short, when it comes to managerial reform and change, countries are unlikely to wander very far from their paths, even when confronting revolutionary changes [as in the case of NPM and globalizing forces] in their societies, so it is important to know what paths they are on. The present is influenced in systematic ways by prior choices and conventions…American public management reflects the Founders’ choices concerning, among other things, the formal separation of powers; British public management reflects the evolution of parliamentary sovereignty and the diverse authorities of its uncodified
constitution. French and German public management reflect the transformation of absolutist bureaucracies into democratic Rechtsstaaten, albeit in different way. (p. 22)

Accordingly, it is the mobilizing forces and inertia of their public administration path dependency which serve to enlighten and give texture to attempts at reforming structures and practices founded within public management.

**Public Administration and Management Reform: Art and Craft Perspective**

Political and government institutions serve as the backdrop and context against which public management is defined (Brudney, O’Toole, and Rainey, 2000). It follows then that public management from a generic lens represents the business of government (Guy, 2000). Given its centrality to government, politics thus becomes a major theme in the field requiring public management and its managers to master and attain political as well as administrative skill or dexterity to be effective, i.e., craft (Guy, 2000; Lynn, 1987). It is in this vein, the political dimension to government administration, that public management begins to take shape as a specific orientation to management thought and inquiry necessitated on not just science and applied methodologies of administrative and organizational behavior, but also art and craft. Guy (2000, p. 161) explains, “[t]he application of the craft, art, and science of management to a context where political values govern the evaluation of success and where the rule of law dictates constraints on administrative discretion” forces public managers to master a singular plane of politics, policy, and administration. Seen as a union of the policy process and implementation (Guy, 2000), public management’s artisan perspective becomes more pronounced. To put it another way, its political component places public management at the intersection of public policy and management (Bozeman, 1993).
Others have also placed considerable emphasis on the art and craft perspective necessitated by public management’s uniquely political and government aspects when compared to that of similar disciplines such as business administration, or generic management and organizations studies in general. Like public administration, public management follows this same path while also viewing craft through an experiential lens. For example, Behn (1996) compares the study of public management to that of engineering, combining elements of both science and art. Similar to engineering, public management and its research paradigms require the artful application of science, and influenced by the past experiences and knowledge to be effective. Notes Behn (1996, p. 122), “Good public managers – like good engineers – have to be both scientists and artists...creative and analytical...serious and methodical – but also inventive and spontaneous.” Public management’s shared theme with the larger field of public administration remains an embrace of the artful composition and skill inherent to practicing good public governance.

Public Administration and Management: A 3-Dimensional View

Lynn (2006) presents an insightful three-dimensional view for conceptualizing public management that incorporates the rigidity of democratic structures, the values of democratic society, and the artisan-like touch of successful public administrators. Arguing his three dimensional approach offers greater depth and breadth in formulating a paradigm of public management reforms, Lynn (2006) articulates public management as being comprised of structure, craft, and institutional values. These dimensions are developed more fully in the paragraphs that follow.

Public management, especially in a constitutional democracy, has always espoused such values and ideals of responsibility, legality, and integrity on the part of public officials in
executing the dealings of government. When viewed in this context, “public management is a structure of governance, that is, a formalization of managerial discretion intended to enable public officials to effect the will of the people or, better, to give effect to the balance of interests among them” (Lynn, 2006, p. 25). Bureaucracy continues as the most dominant and popular structure of governance and provides the setting in which public management is undertaken and practiced. Concepts such as separation of powers, the German-introduced Rechtsstaat or rule of law, neutral and technical competence in the civil service, and managerial responsibility have come to engender the structural and procedural aspects of bureaucratic governance (Lynn, 2006). Yet as Lynn writes (2006, p. 26), “From a structural perspective, public management history necessarily encompasses both ‘constitutional history,’ that is, the evolution of institutions of state sovereignty, and ‘administrative history,’ that is, the evolution of formal structures and processes of constitutional government,” the principal of which being bureaucracy. Public management when seen through this structural and procedural lens becomes the organizational and operational capacities that govern the conduct of state administration, including formal arrangements both written and unwritten that direct state governance.

The craft approach to public management is mainly concerned with artful and skillful navigation of the complex milieu of governmental departments and agencies on the part of public administrators to achieve efficiency in governmental operations. To Lynn (2006, p. 27), a craft perspective emphasizes a concern for “decisions, action, and outcomes, and for the personal skills needed to perform effectively in specific managerial roles.” Buzzwords that can be ascribed to best differentiate public management as craft include such popular exhortations as “best practices” and “smart practices” (Lynn, 2006).
This notion of “best practices” within public governance has enjoyed immense popularity under NPM, entering the lexicon of many mainstream public officials beginning with the “new” public management revolution that took place during the 1980s and 1990s. Indeed, public management from the standpoint of craft requires diplomacy, adaptability, tact, grit, and grace on the part of public officials to remain effective and germane to the implementation and execution of public programs and policies.

The third lens through which to view public management is that of institutionalized values whose origins emerge from, and manifest themselves in, a number of sources ranging from society at large, professionalized standards, norms, and codes of ethics, to institutional experiences and development (Lynn, 2006). For public managers, notions of public service in the interests of and accountable and responsible to the polity and the people, rank first among public management ideals and standards of public governance. Recognizing this leading charge, Lynn (2006, p. 31) affirms that the objective of public management is to “seek the common good.”

Institutionalized values, the adherence to a common core of public service ethics, indeed lies at the heart of conscionable and responsible public management in a democratic society.

While fluid and subject to change over time and given various political contexts, institutionalized values nonetheless encompass such notions as: “parsimony and economy; honesty and fairness; and reliability, survivability, and adaptive capacity” (Lynn, 2006, p. 31). Against this backdrop a conceptualization of public management emerges that relates the connected interplay between structures, craft, and institutional values in order to articulate a broader approach to public management, whose ultimate occupation is administering the business of government with the highest of competence and efficiency, accountable to and in the interests of, the people.
Reforms of the NPM Revolution as a Paradigm for American Governance

Public management was in many ways reinvented and reformed during the 1970s, 1980s and 1990s, and in this transformation, a new framework emerged in NPM. As the paradigm that reflects today’s contemporary view of the field it deserves further explication. In the NPM perspective, public management conceptually was infused with notions of liberation management, entrepreneurial managerialism, contracting-out, and market competition and incentives to produce effective public governance (Hood, 1991; Kettl, 1997; Osborne and Gaebler, 1992). Many of the hallmarks adopted by the NPM model were found in the then revolutionary and widely popular National Performance Review spearheaded by Vice President Gore. The National Performance Review prescribed what would become central tenets to the NPM school – empowerment of public managers and customer-focused management and performance measures all grounded in a driving theme of entrepreneurial management and government (Gore, 1993).

NPM substituted flexibility for rigidity as traditional rational, bureaucratic mechanisms for organization and management became unresponsive to a public and polity that demanded efficiency and effectiveness in government (Kettl, 1997). NPM doctrinally became to embody a ‘let managers manage’ (Kettl, 1997, p. 447), ‘empowerment not power,’ ‘results not process,’ ‘production not politics’ (Lynn, 1998, p. 236) ethic. A customer service movement focused on public managers being responsive to society rather than the bureaucracy further refined the cornerstones of the NPM frame (Kettl, 1997).

In short, this new philosophical orientation of public management emerged from the premise that the private sector is better managed than the public sector, and therefore sought to adopt businesslike concepts and values in providing a new normative model for public managers
to follow (Hood, 1991). Writing in the early 1980s, Kramer (1983) foretelling predicts that as more sophisticated techniques of goal and performance measures were developed and applied in the public sector, and where the political support was adequately mobilized, competition-like features could be utilized to achieve better public governance. NPM dogmatically espoused the benefits of marrying businesslike principles with that of the unique governmental institutions and structures, inflexible and rule-based bureaucracies, and politically oriented milieu in which administrative services were delivered to society. This marriage or coupling of traditional public and private principles serves as the backdrop against which an assessment of the current state of the field will be offered.

NPM ultimately remains a loose term, a label for the package of doctrinal administrative and management items that dominated bureaucratic reforms in western, developed nations (Hood, 1991). Though the craze of the 1990s within public administration has since dissipated somewhat, its legacies and reforms remain, continuing to shape public management and administration thought and theory. As NPM’s popularity took hold amongst those within the political and academic establishments, Lynn (1998) saw opportunity in public management’s NPM manifestation. He wrote, “By recasting management as institutional design and statecraft and by appealing to political economy for a rationale, the New Public Management ironically invigorates…the development of a theory that integrates politics and administration” (Lynn, 1998, p. 236).

For some scholars the attempt to define and characterize the distinction between public management and public administration is an exercise in semantics, a simple shift in language and terminology. Guy (2000) and Lynn (2006) both recount this argument. In this view, the substitution of management for administration is more or less an attempt to be fashionable by the
incorporation of contemporary terminology. Lacking substance, this argument basically says administration was then; management is now and connotes a sharpened focus on the challenges of organizing and managing in the polity. A corollary to this argument is the critique that administration portended too much a policy emphasis at the expense of seeking a marriage of politics, policy, and administration that describes the real world environment through which public managers must navigate (Guy, 2000). This argument, however, is a particularly weak one in the field-subfield debate with respects to public management emerging as its own distinct discipline as public administration for decades has recognized the political nature of managing in the public sector.

Others, however, postulate that “new” public management represents a renaissance in public administration, a paradigmatic shift that threatens to eclipse its founding field. In short, the introduction of NPM reforms into the public management literature has served to replace the “old” public administration (Lynn, 2006). Outdated and obsolete, the public administration which has slowly evolved and emerged in the developed nations of continental Europe and the United States has been eclipsed by a new paradigm for viewing public management and embodied in NPM. Tacit support for this field argument is work by Bertelli and Lynn (2003, 2006a, 2006b) which advances a Madisonian, constitutionally grounded theory of public management viewed in terms of a precept of managerial responsibility.

Central to this precept is its dependence on and derivation from deference to the constitutionally engendered separation of powers between branches of government, as well as a commitment to public service values. As a normative model for public management, this precept of managerial responsibility respects constitutional institutions of judicial, legislative, and executive branches of government. Axioms of managerial responsibility – accountability,
judgment, balance, and rationality – serve to integrate the inherent links between law, politics, and administrative management by giving reverence to such constitutional institutions rather than being asserted mercurially on their behalf (Bertelli and Lynn, 2003, 2006a, 2006b).

Whereas public administration relied on organization charts and hierarchies grounded in administrative laws and rules held ultimately accountable through democratic institutions and processes, public management as depicted through NPM purports a paradigm of managerialism, grounded in classical economic theory whereby public managers act as rational, market-based actors to affect the dealings and intricacies of government using private sector principles and techniques. NPM as a model for public governance purports running government as a business. It ignores public administration’s traditional notions that there exists a dichotomy in the approach to administrative and managerial techniques in the public and private sectors. Rather, the managerial, entrepreneurialism of NPM transcends the normative ruminations of public administration by modeling a theoretical perspective that claims public and private sector management is essentially one and the same.

Public management’s NPM reforms advocates an entrepreneur spirit in an attempt to administer the workings of government, its programs and policies, like that of a business which functions in competitive markets. In bringing clarity to what public management has come to exemplify, Lynn (2006, p. 2) notes its emphasis on “incentives, competition and performance,” going on to elaborate that “the bureaucratic paradigm is dead; long live quasi-markets and quangos, flattened hierarchies and continuous improvement, competitive tendering and subsidiarity.” Thus, in many respects public management is synonymous with business administration. Underscoring this notion is the contention that NPM implies that the public and private sectors are now one in the same, as “public managers are assumed to be entrepreneurial
‘rational actors’ who, in their pursuit of their interests, create public value much as actors in private markets do (Lynn, 2006, p. 143).

Public administration, having grappled with the integration of judicial and legislative values with those of administration, supports the authors premise for dealing with this diffusion of public values as well as a reciprocating infusion of private sector values into governmental administration. A principal question this research seeks to uncover is the extent to which those same values may be found in the restructuring and reform efforts as a policy response by state governments following the 2007 economic downturn.

**Performance Management as Paradigm of Public Administration Reform in American Governance**

Within the reform context, performance is best viewed as a reform movement which seeks transparency and accountability concerning the manner in which government resources are expended. Two of the most recent legislative attempts designed at imbuing the performance construct into federal programs, which would of course be linked to resource allocation through the budget process – are the 1993 Government Performance and Results Act (GPRA) under President Clinton, and the 2002 enacted Program Assessment Rating Tool (PART) under President George W. Bush. Despite enactment with the best of intentions by administration officials, subsequent assessment of the effectiveness of these two programs to meaningfully and truthfully measure the performance of government agencies and programs has illustrated the problems that accompany even the most earnest of actions and motivations by performance advocates within government. Couched in the specter of such consequences, performance measurement has demonstrated the challenges and difficulties as the standard by which contemporary public management is judged.
In their book *Measuring the Performance of the Hollow State*, Frederickson and Frederickson (2006, p. 185) write, “Performance management, particularly as advocated by leading and influential management consultants, is an entire public management perspective based on the logic of performance.” While performance management has undoubtedly enjoyed significant attention and popularity within American governance across all levels of government, it is not without its critics who present a powerful counter argument against performance as the sole measure by which to judge public management. To understand advocates and detractors to Performance Management within American public governance and programs, it is first useful to explain the relationship between these two constructs.

Breul (2007) describes public management as going “beyond the tools of administration,” whereby administration refers to Gulick’s PODSCORB functions and principles that dominated the traditional paradigm of public administration. In this view, public management encompasses the implementation and execution of government functions within the political complexities and realities of transparency and accountability in a democratic regime. Drawing distinctions between management in the public sector versus management in the private sector, Lynn (1998) states:

> If private management is governed by the preferences of firm owners exercising their property rights, then public management- the direction of the government’s administrative structures-is governed by the preferences of authoritative decision makers lawfully exercising the coercive power of the state, preferences expressed in statutes, appropriations, administrative guidelines, and the monitoring activities of duly authorized oversight bodies. (p. 235)
The main distinction, then, rests in the fact that public managers and their approach to managing are ultimately guided by the rule of law (Lynn, 1998). Detailed earlier, Lynn (2006) conceptualizes public management using three dimensions: structure, craft, and institutional values. Public management in the context of the structure and processes-dimension is “a structure of governance, that is, a formalization of managerial discretion intended to enable public officials to affect the will of the people or, better, to give effect to the balance of interests among them” (Lynn, 2006, p. 25). The structures and processes dimension of public management is manifested in the bureaucratic form of public organizational structures (Lynn, 2006). Common themes and currents that run throughout the public administration literature such as rechtsstaat (rule of law), neutral and technical competence, and transparency, democratic accountability, and notions of managerial responsibility provide substance to the structural and procedural aspects of public management.

Public management within the dimension of craft pays homage to the fact that management within the public sector require tact, craft, art, cunning, strategy, diplomacy and political aptitude to achieve desired programmatic outcomes. The craft dimension of public management recognizes the complexities of managing in a political and democratic environment. As Lynn (2006, p. 28) notes, “The craft dimension of public management encompasses the operational and pragmatic concerns of public officials who have managerial responsibilities and are motivated to apply proven, actionable ideas to the problems they face or, alternatively, to fashion solutions appropriate to their specific circumstances.”

Lastly, the third dimension of public management described by Lynn is institutionalized values. Institutionalized values emerge from society, professionalized standards, norms, practices, and codes of ethics (Lynn, 2006). In short, institutionalized values are the
formalization of ethical and moral ideologies or codes that act as the conscious for ensuring responsible public management in a democratic society. Although subject to change over time specifically in a political and organizational context, institutionalized values engender such notions as “parsimony and economy; honesty and fairness; and reliability, survivability, and adaptive capacity” (p. 31) as is the case in Europe, and categories of democratic, professional, and people values identified by a 1996 Canadian task force report on public service values and ethics (Lynn, 2006). From this setting emerges a conceptualization of public management and managers that demonstrates the interconnectedness between structures, craft, and institutionalized values as a framework for ensuring government programmatic performance that is effective, competent, and accountable to the people they serve.

Ingraham, Joyce, and Donahue (2003) provide the nexus between public management and performance, contending that management matters in achieving improved performance outcomes. As the diagram below illustrates, management on the part of public managers is the intervening variable that bridges the gap between inputs (government and society’s resource) and outcomes/outputs which the authors identify as policy results (Ingraham, et al., 2003, p. 15). Known as the policy performance equation, this assumes that the given performance measures in place to evaluate policy results measure honestly, and with veracity, agency and program outputs and outcomes as intended by their bureaucratically or congressionally chartered mission.
In this performance framework, the proposition is that “well-managed governments and agencies have the ability to perform better than governments and agencies that are less well managed, all else being equal” (Ingraham, et al., 2003, p. 14). That is, desired policy results, i.e. performance, are only realized through effective use of public resources. Further defining government performance, Ingraham et al. (2003, p. 15) state, “Government performance…is a function of management capacity as well as of an array of environmental constraints and opportunities.” Public management and governance suffers when there is a breakdown or disconnect between legislative mandates and agency mandates concerning given program and policy goals (results), as well as other environmental constraints that limit public management’s capacity in pursuit of well-performing programs.

Ultimately, the central purpose place of performance measurement within the fields of public management and public administration is a well-intentioned one – “to improve public management and program outcomes” (Heinrich, 2002, p. 712). Despite its benefits, at the same time, performance as the sole or principal measure by which to judge the efficacy of public management to implement, execute, and deliver government services to a democratic society can be problematic.

Support for this argument is offered by those who contend the principal objective of public management within a democratic polity is not performance. Performance is simply one of many outputs and outcomes to which public management strives to achieve. In his discussion on the role of institutionalized values as a dimension of public management, Lynn (2006, p. 31) quotes Morstein Marx, who wrote, “The highest task of public administration is…to serve as an effective instrument in attaining the purpose of the political order’ and ‘the mission of public management is to seek the common good.” Absent from this charge to public management is
any reference to performance. Dobel (2001) eloquently captures the transcendental nature of public management, beyond simply performance considerations, when he states:

The ultimate purpose of governance is not efficiency, but more important values. The institutions of governance such as the administrative state are built to accomplish enduring and vital public purposes. As institutions, they provide reliable, continuous commitment to public purposes, building expertise, memory, and direct accountability. They actually focus and abet deliberation. (p. 167)

Aligned with the discussion surrounding performance as one of many indicators of public management effectiveness is the recognition that “it is often difficult to find measures adequate to the determination of social outcomes” (Frederickson and Frederickson, 2006, p. 175). Frederickson and Frederickson (2006) found that in the context of five Department of Health and Human Service agencies, the performance indicators used by GPRA and PART focused more on output as opposed to outcome measures. While this might be appropriate for some agencies and programs, the use of output measures in place of outcomes as performance indicators should not be mandated as the standard for a comprehensive performance system embodied in GPRA or PART. Along these same lines, Wichowsky and Moynihan (2008) faulted performance indicators within GPRA for failing to account for civic implications and citizenship outcomes.

To strengthen the effectiveness of a performance measurement system to provide accurate and adequate data for policymakers and public managers, Frederickson and Frederickson recommend an “open and honest embrace of federal agency output measures as proxies for social outcomes” and the reasoning behind such reliance on outputs as opposed to outcomes in the context of specific programs (2006, p. 176). The authors also point out the need for further development in the performance literature concerning outputs as proxies for social
and economic outcomes. Until this attribute of past and present performance systems can be more fully explored, using performance and output measures at the risk of discounting intangible, harder to measure socioeconomic benefits makes the use of performance as a proxy for public management likewise, ill-advised and problematic.

The idealized approach to performance measurement recounted by Frederickson and Frederickson (2006, p. 14) is “dominant” in the literature and tends to describe “how performance measurement can improve government.” Performance measurement in the idealized view is objective, neutral, and attempts to apply science to derive fact in order to provide assessment and feedback to manager and policymakers concerning the effectiveness of public programs (Frederickson and Frederickson, 2006). Performance measurement as an idealized conceptual framework for public management is intended as a tool for guiding and shaping policy decisions. Moreover, absent in the idealized view of performance measurement is any “critical assessment of the assumption that baseline results or outcomes data are available or that such data can be efficiently and systematically gathered and processed” (Frederickson and Frederickson, 2006, p. 14). This is the point of departure for using performance as an appropriate consideration for judging public management.

A less idealized approach recognizes the inherent problems that beset performance as the primary indicator of public management efficacy. These problems consist of, among others, the following factors: a significant portion of government programs and services are contracted out to third parties; goal ambiguity and incongruence; determining and measuring social outcomes not captured by the performance measure; and a one size fits all approach most noticeably characterized by GPRA and PART (Radin, 2000; Frederickson and Frederickson, 2006). The
The following table is adapted from Frederickson and Frederickson (2006, 16) and depicts the less-idealized perspectives on performance measurement.

### Table 3
**Less-Idealized Perspectives on Performance Measurement**

| Performance Measures Are: | - Can sharpen questions  
|                          | - Interpretations, information, details  
|                          | - Slanted  
|                          | - Policy arguments  
|                          | - Short run  
| Performance measures:    | - the measurable  
|                          | - Surrogates of results  
|                          | - Outputs  
|                          | - Reduces information asymmetry to a point  
| Assertions of Causality: | - Unclear  
|                          | - Indeterminate  
| Policy is influenced by: | - Rhetoric, changing values and circumstances  
| Budgets are based on:    | - Increments to the base, changing values and circumstances  
| Data are:                | - Unavailable  
|                          | - Inaccurate  
|                          | - Inconsistent and unreliable  
|                          | - Expensive  

The performance movement within public management is in some ways reminiscent of the tenets espoused by the scientific management movement – the “one best way” approach for the administration and management of tasks to achieve efficiency. It is this approach that is the principal target for critics of such government performance systems like the federal government’s GPRA and PART. Difficulties with implementing a “one best way approach” as a government-wide performance system are illustrated in the characteristics that define the less-idealized perspective concerning data. Indeed, the issues surrounding performance measurement are at their core system design problems (Heinrich, 1999; Radin, 2000).

Beryl Radin has conducted extensive research concerning performance measurement particularly within the context of the federal government. A 2000 article appearing in the *Journal*
of Public Administration Research and Theory assessed GPRA as a management reform that sought to strengthen performance measurement within federal government. Illustrating the challenges of taking a comprehensive, government wide approach to performance measurement, Radin (p. 112) asserts, “GPRA – like a number of earlier federal management reform efforts – does not fit easily into the institutional structures, functions, and political realities of the American system.” Referring to political realities as the “third hole” in his model, Radin concludes “the one-size-fits-all, government-wide approach to management reform that is illustrated by GPRA does not fit easily into the third hole: the reality of policy design and politics” (p. 130). Failing to account for political realities that influence policy design and implementation is akin to assessing public management in a vacuum. Any performance system that does not inject political considerations into the model can in turn, create a distorted view of the efficacy of public management. As Frederickson and Frederickson ominously conclude, “performance measurement represents attempts to superimpose managerial logic and managerial processes on inherently political processes embedded in the separation of powers” (p.177). Attempting to utilize “rational management logic” (p. 45) as envisioned in the link between GPRA’ performance measurement and indicators with the budget formulation process, an inherently political endeavor, is what Radin referred to attempting to fit round pegs in a square-hole. In many ways, using performance measurement and management as the consideration by which to judge public management also fits Radin’s metaphor.

A number of GPRA design assumptions are what Radin (2000) argues created a difficult, if not untenable, course to successful implementation. Particularly within the context of GPRA, some of these assumptions further highlight the flaw in using performance as a measure to judge public management given the inherent challenges they present to public managers forced to work
within this specific performance system. First, the act assumed executive and legislative
decision-making could occur with a “single piece of information,” and ignored the complexities
of programs and policies (p. 115). Second, the focus in on performance measures while
discounting and failing to account for output measures. This served to “denigrate the role of the
federal government in many program areas” (p. 115). Third, like earlier performance systems
(PPBS), performance information could relate planning and budgeting decisions. Fourth, GPRA
takes for granted the conflicts in policy and program delivery that occur in a federalized system
which has become increasingly reliant on third parties for the administration of public programs.

The challenges of political realities in performance measurement are often manifest in
goal ambiguity and incongruence (Frederickson and Frederickson, 2006; Heinrich, 1999). This is
another area of difficulty that proves to exacerbate one’s search for a direct correlation between
high performance and well-functioning, efficient public management. Commenting on this
disconnect between public management and policymakers concerning programs and policies,
Lynn (1998, p. 235) points out, “The primary work of public agencies has a wide variety of out-
puts. The specific character of these outputs may or may not reflect (ex ante or ex post)
legislative intent; indeed, legislative intent may be hard to decipher and sufficiently ambiguous
to invite adjudication.”

Heinrich (1999) concluded in a study of the federal Job Training Partnership Act (JTPA)
that goal incongruence was a significant flaw in the design of this performance measurement
system; thus making performance as a quantifiable assessment of the program less effective.
Generalizing her findings involving goal ambiguity and conflict to the larger notion of
performance measurement within the public management field, Heinrich (1999, p. 389) warns:
“The experiences of job-training agencies under the JTPA performance standards system should
send a signal of caution to other government bureaucracies about the potential negative consequences of working with imperfect information and goals measures in the design and implementation of performance standards systems.”

The current management reality within government agencies across the country, and particularly at the federal level, is the fact that many public programs and services are delivered through what Frederickson and Frederickson (2006, p. 8) qualify as “articulated vertical networks of third parties.” Given the increasing use of third parties and contracting in the implementation of government programs, performance as an indicator of quality management can prove quite challenging. Consider the following statement:

Among the greatest challenges in performance measurement in third-party regimes is the matter of federal agency-level performance expectations in the context of widespread feelings among federal officials that their agencies are being held responsible for the performance of third parties over which they have limited control. The best evidence of this is the results of surveys of federal managers [public managers] by GAO. When asked whether they were held accountable for performance results, 68 percent of HHS managers said yes. But when they were asked whether they had any decision-making authority over programs for which they were being held responsible, only 43 percent said yes. (Frederickson and Frederickson, 2006, p. 180)

Beyond fairness and equity issues, rational logic holds then that performance as the benchmark for judging public management effectiveness is not always appropriate or applicable. Goal incongruence confounds this issue as contracted state and local governments and third-party organizations are not forced to share the same goals by which state or federal agencies may be assessed under applicable performance systems (Frederickson and Frederickson, 2006).
Frederickson and Frederickson’s conclusions concerning performance measurement within the context of third-parties strengthen the argument against performance as a primary consideration for judging management. They observe, “The strength of agency performance in pursuit of program goals is in reverse ratio to the distances actual implementation travels and the layers of third parties through which implementation travels” (2006, p. 181).

In 1980, management theorist Peter Drucker wrote an article for Public Administration Review entitled “The Deadly Sins of Public Administration.” In reading the advice he offers to the field of public administration, it is evident public officials did not heed all his warnings when designing and implementing public sector performance measurement systems. His fourth lesson proves particularly telling:

In public service, increasingly we start out with a ‘position’ – that is, with a totally untested theory – and go from it immediately to national, if not international, application. (1980, p. 104)

Performance is a logical starting point by which to judge public management. Heinrich (1999, p. 363) writes, “Regardless of the type of organization and its mission or product, the use of performance standards and incentives serves a basic objective: to focus management attention on important organizational goals and to motivate behavior and decision making that enhance organizational performance toward those goals.” But as demonstrated, it is a challenging concept to operationalize and the “one size fits all” approach does not align well with the variegated number of government programs that seek a multitude of outputs. Indeed, performance measures and goals are important to all types of management, both public and private. What becomes problematic, however, is the implementation of a performance regime or program that fails to account for the complexity of public programs, or allows for the individual characteristics of
each to in-turn shape their own performance measures. In so doing, performance as the standard by which to judge public management could become more appropriate, as states and agencies are afforded the opportunity to attain congruence between their input, outcomes, and those measures of performance that most adequately align with the program’s legislatively mandated mission.

Moreover, Frederickson and Frederickson (2006) found that performance of government agencies and programs is in reverse ratio to the distance traveled to the third party. The devolution of government program delivery raises concerns about accountability and transparency, two constructs often identified as bedrock foundations of the field of public administration in any democratic polity and in particular the American system of governance. Investigating some of the themes and conclusions found by Frederickson and Frederickson (2006) – e.g., goal incongruence, challenges in aligning performance outputs with social outcomes, rationally oriented process in what is an inherently irrational, political process of budgeting – leave open a number of relevant topics shaping the state of the field of public management, now and in the future, and informing the reform efforts undertaken at the state level; thus improving efficiency and economy of government programs following the 2007 economic downturn.

**Policy Stream Summary**

Public management and administration is about managing government, both its bureaucracy and programs, in a democracy – balancing efficiency and accountability. Not only are these the fundamental values of public management, but guiding tenets of public administration. Governance today from the academic, practitioner, and public official’s perspective has focused heavily on developing more robust performance systems for measuring the effectiveness of public governance and programs. In addition to performance measurement,
other paradigms for the administration of government, most notably NPM, have also been
developed to meet citizen and lawmaker demand for upholding the sanctity of the public trust
through the responsible use of taxpayer dollars in enacting public policies and programs. Such
models have evolved in an historical and typology context of public administrative and policy
reform within American democratic governance, and are shaped by political ideologies regarding
scope, size, and role of government.

Indeed, a reformist theme is prevalent throughout the development of what is today’s
bureaucracy and institutions of government. The challenge of public officials and academics
alike is finding new methods, models, and theories for articulating for the public in more
substantive terms certain abstract, notional values of accountability, efficiency, effectiveness,
transparency, and responsibility, and then integrating such democratic ideals in the
implementation and execution of public programs and government. The pattern of reform themes
found in state government responses to the financial crisis and economic recession of 2007 are
undoubtedly influenced and shaped by reform’s historical context within public administration
and management, and the paradigms and theories produced therein that inject reformist values
into the administration of government.
Literature Review Chapter Summary: Foundations for the Research Design

A discussion of multiple streams framework as heuristic of the policy process and agenda setting to explain the reform initiative is expanded from the foundational concepts first discussed in the first chapter. In so doing, the goal is to present the academic and positivist substance that will inform the analysis and consideration of its results. Kingdon’s (1995) multiple streams construct is a heuristic used for agenda setting and provides a useful reference from which to study, organize, and subsequently understand the factors that go into policy formulation. In this study, it is identifying the premises underlying those themes of state government reform initiatives enacted to deal with the fiscal constraints brought onto the policy agenda following the national recession from 2007 to 2009.

The problem, politics, and policy streams outlined above are not mutually exclusive. Nor does the politics stream occur in a vacuum without influencing public officials to act. Rather, the budget and fiscal fissures of distress caused by the recession couple and become amplified by a political milieu that becomes mobilized against government spending in general, and an earnest desire to lessen the scope and size of government in the face of a mired-down and anemic fiscal condition of state government.

The panoply of reform proposals for restructuring state governments put forth by many state executive and legislative branch commissions and agencies will further be grounded in not only the reform tradition within American governance, but the normative values for public administration, policy, and management, and the paradigms built upon such ethos – prescriptive models such as Performance Management and New Public Management – conceptualized within the policy stream of multiple streams. As such, it lies at the confluence of the problem and politics streams described above. The problem stream depicted the fiscal and budget crisis of the
states. The budget crisis facing the states was largely borne out of the dramatic drop in revenues given the downward turn in the economy during and immediately following the recession. It is estimated that in the aggregate, it will not be until fiscal year 2012 state revenue streams recover to pre-2008 levels (NGA, 2010). The recession era economy across the nation is largely defined by persistently high levels of unemployment, tightened credit markets, and weak, softened consumer demand and spending in the face of overall economic uncertainty (CEA, 2010). Compounding the problem is the economic road to recovery has been slow to materialize (CEA, 2010). Meanwhile, structural spending requirements on major, cost-driver policy areas for the states, areas of public employee pensions, health care (Medicare/Medicaid), and education, continue to grow (NASBO, 2010b).

At the same time, the issues of the problem stream have coupled with that of the politics stream and serve to complement and reinforce one another. Previous reforms at the state level, particularly during the 1990s, left state governments increasingly professionalized and enhancing their capacity to respond to the public administrative and policy challenges and fiscal crisis that a down economy present (Cigler, 1993). A number of professional organizations at the national level which are affiliated, endorsed and even chaired by state government officials have served to fill in the policy and subject matter expertise gaps where needed in terms of increasing the states governance capabilities to design and enact policy solutions demanded by the policy streams of the multiple streams model (Cigler, 1993; NASBO, 2011a; NASBO, 2011b; NCSL, 2011a; NCSL, 2011b; NCSL, 2011c; NGA, 2011; NGA, 2010). Despite such professionalization and public policy and governance-based association to fill certain niche gaps for state legislatures and executive branch agencies alike, the issue of technical expertise and analytic capacity still persists within state governments, often times with adverse implications, as it
relates to public budgeting and revenue estimating. As the 2011 study published jointly by the Pew Center on the States and the Nelson A. Rockefeller Institute of Government demonstrated, overestimation of revenues and tax receipts served to exacerbate the adverse fiscal effects that the recession was already causing on the financial condition of state government budgets by artificially creating a larger revenue-spending gap than actually materialized. The complexity of tax revenue structures and technical capacity of government estimation models and staff can impact the decision making process of state officials relative to public programs and policies, particularly when given the fiscal constraint imposed by balanced budget laws at the state level. Moreover, beyond the popular political and ideological considerations influencing policymaking in state capitals across the country, other political considerations, such as the design of political institutional mechanisms like balanced budget amendments, which have developed over time as a means to counter and rein in government excess, sharpens the focus of reform initiatives within state government during negative business cycles in the economy. Thus, the political stream encompasses more than polling of the electorate, but institutional mechanisms and characteristics that exert considerable influence on the ability of states to reform structures, redesign programs, and rethink public services and program delivery.

Both the problem and politics streams are set against the backdrop of the recession economy, which largely acted as the focusing event in pushing government and policy reform topics to the top of the legislative agenda. Deconstructing the variegated reform proposals emerging from state commissions and agencies studying state governance redesign efforts, that is, the policy stream, and then developing a substantive model to represent those larger reforms evinced by the content analysis, rests at the cornerstone of this dissertation.
Chapter 3

Research Design and Methodology

Chapters one and two have developed the foundation from which the research design will be based. Using multiple streams, the research takes the setting of state governments during and following the recession from 2007 through 2012. As the economy went into freefall, unemployment spiked, demand dropped, and revenues tanked. From the onset of the recession in 2007 and beyond its technical end in 2009, a tepid and tamed jobless recovery has brought budget and fiscal pressures upon state and local governments that are in many ways unprecedented in the post-World War II era in terms of their size and scope. Chapter two established the research setting, dissecting not only the impact of the recession on state government budgets, but also framing their subsequent response to reinvent and reform their structures, institutions, and programs by tracing reform’s historical context within American public policy, management, and administration, and recounting the underlying political considerations influencing the reform push. When coupled with the prevailing popular political and ideological perspective throughout states that views government policies and programs as too pervasive, expensive, and inefficient, strains of time-tested values within American democratic governance begin to manifest themselves as the driving factors underlining states reform and restructuring efforts in the wake of the recession.

State governments across America commissioned panels, committees, and blue ribbon commissions to re-examine the fundamental role of government and the programs it delivers to its citizens. Accordingly, this chapter serves to illustrate how the themes of Performance Management, normative policy prescriptions advocated by NPM, and the variegated public values found within the historical premise for reform in American governance and administration
are integrated with political considerations – to include institutional, popular, and ideological – to formulate a research design that depicts an overarching, thematic typology of state government reform proposals and efforts from 2007 to 2012. What follows is a design of how content analysis will be used to evince the state government reform and restructuring recommendations and solutions that lie at the confluence of new state budget realities created by the recession, the subsequent political considerations and milieu shaped as a result, and the reformist traditions that permeate the public administration, policy, and management fields.

**Context**

The period of negative economic growth within the U.S. economy from 2007 through 2009 provides the political, economic, policy, and historical context in which the research is focused. Detailed extensively in chapters one and two, the study focuses on this period given the magnitude the financial crisis and economic downturn wrought on state budgets and fiscal capacities. In responding to the fiscal effects of the recession, state governments across the U.S., virtually in unison, realized a need to debate the fundamental, core functions of services and programs to be delivered by government to its citizenry.

Implementation, both substantively and administratively, of state government reform processes differ from state to state. While some states chartered blue ribbon panels, others convened commissions, tasked already existing legislative committees, or created joint committees to study the issue and report reform recommendations. Membership on reform commissions also varied across the states (e.g., executive branch versus legislative branch driven) as well as the degree to which panel recommendations would be acted upon by elected state officials. Given such variation in composition, makeup, names, and authorities, the distinguishing feature for inclusion in the study will be the stated purpose for which committee
or commission was formed: broader mandate to analyze the whole of public programs and policies at the state level for possible reform. Reports produced between 2007 and 2012 by committees, panels, or commissions formed for the purpose of generating state government reform recommendations and proposals for restructuring government as a response to the recession will be included in the content analysis.

The context of state government responses to the recession in the U.S. is also an important point to draw for the purposes of focusing the research agenda for this study’s design. The research is relegated to the state government level, and not that of local governments, given the federalist structure of American governance. Following Dillon’s rule, local governments are creations of the states, empowered with only those enumerated powers and authorities to act within its jurisdictional boundaries as determined by state constitutions and legislatures. The context of the research is therefore relegated to that of the state level given state’s higher-level role within the nested institutional and constitutional rule structure that establishes the framework of rules and laws that legitimize policy action (Ostrom, 1990). Additionally, the five year period of 2007 to 2012 provides temporal context to which state government reform recommendations included in the analysis will be limited. The year 2007 denotes the start of the recession. The year 2012 as a right time-limit accounts for delays in collecting economic data as well as the end of the bulk of federal stimulus funding to the states as provided by Congress in the Recovery Act. Any state government reform efforts are no doubt influenced by lawmakers’ ability to obtain a more informed economic picture regarding the budget realities and spending decisions forced upon them by the recession.

A chronological context of 2007 to 2012 acknowledges the time-lag in collecting economic data in addition to the expiration of the majority of federal stimulus spending at the
state level. These are two factors that are believed to have considerable impact in shaping both the ability of state lawmakers to respond effectively as well as the types of reform proposals recommended by states that will be studied in the analysis.

**Exploratory Research Question and Hypotheses**

Research questions and hypotheses narrow the purpose statement and serve to focus the direction of the investigator in examining relationships among variables that the research seeks to discover. A number of previous works similar in focus and purpose help to provide direction in terms of the exploratory research question and hypotheses that will act as the focusing points for the study.

Originally discussed in chapter two, Light’s (1997, 2006) work developing what he termed as “tides of reform” within federal legislation during the second half of the twentieth century provides a useful reference point from which to articulate the exploratory research question that will structure the study’s design. In his book and follow-up article on legislative statutes at the federal level, Light (1997, 2006) finds that there exists essentially four competing reform philosophies that provide the foundations for ideological and governance reforms within public management and administration: scientific management, war on waste, watchful eye, and liberation management. For Light, governance reforms that were characteristically scientific management in their orientation sought efficiency as their goal. Economy was the intended goal of the war on waste; fairness was the governance goal for watchful eye, and higher performance for liberation management.

Considerable attention was also given in chapter two to the development of reform from both a historical perspective and a paradigmatic one as well. It is through this development that Light’s four reform philosophies within the federal government are connected to and able to
draw a logical roadmap of inquiry as it relates to the exploratory research question that will drive this study.

Reform and reformist goals enjoy a rich history within American public administration and governance. They are reflective of a strong tradition of government mutability proposals, and are an integral component woven throughout the larger fabric of public administration and management within a democratic society. From an historical perspective, reformist goals for better governance were embodied by such notional ideals of efficiency, effectiveness, economy, equity, transparency, fairness, responsiveness, and accountability. It would also be these same goals that would later provide the foundational basis for both the typological and paradigmatic frames towards government reform initiatives. As a basis for informing and influencing state government reform commissions, Cigler (1993) found such concerns – issues of accountability, responsiveness, productivity, efficiency, effectiveness, and equity – central to the task forces and commissions assembled for such redesign effort.

Moreover, Performance Management as a normative model for public management is grounded in efficiency, economy, effectiveness, and accountability – or, to borrow from Light’s reform philosophies, scientific management, war on waste, and to some extent, traces of liberation management. New Public Management (NPM), on the other hand, signals an umbrella-like grouping for the underlying reform philosophy characterized by Light’s liberation management, focused on streamlined process, entrepreneurism and empowerment on part of managers, and market-oriented mechanisms as public policy solution.

Finally, from a policy area standpoint, Willoughby’s (2012) content analysis of governors’ state of the state addresses demonstrate a funneling of policy focus on the part of state executives during the same time period with which this study is concerned, 2007 to 2012. In
2007, over 66% of governors stacked their policy agendas with concerns in the areas of education, health care, taxes, energy, jobs, safety, accountability, and performance. By 2012, that attention winnowed down to just three core areas: education, jobs, and taxes (2012). Attributing such a narrowing of focus by governors to the fiscal stress brought on by the recession, budget and policy agendas are now dominated by the most primary of traditional state functions. While education, jobs, and taxes were cited by at least 66% of governors in their state of the state addresses, Willoughby’s (2012) also found that performance, accountability, transparency, agency reorganizations, and initiative to streamline services for the effective allocation of government resources remain on state government’s legislative agenda.

It is anticipated, given the review of the literature, that the reforms synthesized from the various state government redesign and restructuring commission recommendations will comport with and be grounded conceptually in issues that have been traditionally identified and accepted as central to the field of public administration. It is further anticipated that such reform perspectives are related to the political and economic environment existing in the wake of the 2007 recession, and subsequently represent a manifestation of those political values therein. Reform or redesign themes that are characteristically managerial, market-oriented, and entrepreneurial – aspects found in NPM – will emerge where legislators’ preferences value performance, cost considerations, and efficiency over accountability or confronting possible ethical concerns borne-out from a hollowed-out state for service delivery. A reform theme grounded in the perspective of Performance Management will emerge where there exists a focus on efficiency, equity, effectiveness, results, transparency and accountability.

Exploratory hypotheses are developed and nested within the exploratory research question to bridge the gap in moving from the exploratory intent of the central research question,
to predictions regarding the outcomes of the results based on the literature review. The exploratory research question and hypotheses presented for this study are as follows:

**Exploratory Research Question (ERQ).** What themes of government mutability and reform philosophies emerge from the recommendations of various state commissions, task forces, and agencies chartered to study state government programs and public administration redesign and delivery efforts during and in the immediate aftermath of the economic recession from 2007 to 2012?

**Exploratory Hypothesis 1a.**

The recommendations for reforming state government provided by state reform commission reports will reflect New Public Management (NPM) paradigmatic tenets.

**Exploratory Hypothesis 1b.**

The recommendations for reforming state government provided by state reform commission reports will reflect Performance Management (PM) paradigmatic tenets.

**Exploratory Hypothesis 1c.**

The recommendations for reforming state governments provided by state reform commission reports will reflect the reform tradition values and themes laden in the development of American governance and public administration.

**Exploratory Hypothesis 1d.**

The recommendations for reforming state government provided by state reform commission reports will cut across all major policy areas of state spending or policy functions to produce public policy reforms.
It is important to note that this dissertation’s research question and hypotheses are exploratory in nature, with no hypothesis testing or data manipulation as part of its data analysis. Rather, the research’s foci is on uncovering the themes of state reform commissions, and building a descriptive, positivist model that illustrates those themes and their corresponding interrelationships. It is predicted that from this exploratory research, more refined research questions and testable hypothesis will be produced. This topic is discussed further in chapter five as part of the agenda for future research.

**Analysis**

This design will comprise of primarily qualitative methods. More specifically, the data analysis technique known as content analysis will be utilized in synthesizing, conceptually, the state government reform recommendation reports. As described by Singleton and Straits (2005, p. 371), the goal of content analysis is to “develop a systematic and objective criteria for transforming written text into highly reliable quantitative data.” Defined by Weber (1984), content analysis is “the process of making inferences from a symbolic medium such a texts,” and applicable to text originating from not only variegated number of sources such as speeches, books, and newspapers, but also flexible in terms of discovering patterns or themes within text at both the micro and macro-levels. A data reduction technique, content analysis has been selected as it is best suited to produce the linkages and relationships embedded in the text amongst the variegated state government reform commissions and reports I seek to study in this design. Its utility as a research method is found in its ability to reduce large quantities of text data to fewer content categories according to coding rules established in the research design.

In conducting the content analysis of states’ reform commission reports, policy areas, topics, or initiatives will be considered addressed if the report discussed them in the context of
providing recommendations or analysis within the study to help state government grapple with the fiscal stress of the recession. To emerge as an agenda item in pursuit of constructing reform themes, reform commission reports must identify the recommendations or proposal as it applies to a policy topic, area, program, or service of state government.

The research is principally exploratory in nature, attempting to construct a model of reform to depict reform themes advanced by state government reform, efficiency, and redesign commissions.

**Population**

As a comparative state study, the population for this research consists of the 50 state governments in the United States.

**Data Collection**

Primary data for the study will consist of the final reports put forth by the various state government commissions and agencies charged with recommending redesign and efficiency achieving efforts through reforming state government’s structure and service delivery. These reports denote the recording unit for analysis. Because the analysis is looking at state government’s reform push and initiative against the backdrop of the most recent period of negative or marginal economic growth – in effect, using the recession of 2007 as the focusing event – only those reports published in its wake during the five year period of 2007 to 2012 will be included in the content analysis.

The overwhelming majority of reports were accessed via one of two websites established for the sole purpose of acting as a repository of state reform efforts during the recession and post-recession years. The first website to be utilized for data collection is the National Governors
States are facing a protracted budget crisis like none seen in the last 30 years, and perhaps not seen since the Great Depression. State balance sheets face a long, slow climb toward fiscal health and may not reach pre-recession revenue levels for years to come. As a result, many states have launched urgent efforts to redesign and downsize government. As part of states’ broader efforts to redesign and downsize government, several states have requested government-wide efficiency reviews to guide further efforts for cost savings, revenue enhancements, consolidation and elimination of agencies, and increasing government efficiency in general, among others. (NGA, 2012)

The second website to be used for data collection efforts is the National Association of State Budget Officers’ (2011b) States’ Responses to the Economic Downturn page. Evincing the collaborative nature between NASBO and NGA, NASBO’s site dedicated to aggregating the states’ government reform measures is very much aligned with that of NGA’s page. In establishing the backdrop and purpose of their webpage, NASBO’s introduction to the States’ Responses to the Economic Downturn reads:

States have experienced significant budget shortfalls since the national recession began in December 2007. As available revenues were significantly reduced, states struggled to decrease expenses, pass balanced budgets, and eliminate their budget gaps. In response, some states’ executive and legislative branches created restructuring commissions to assess the operations and structure of their state government and recommend changes to improve efficiency and reduce costs. (NASBO, 2011b)
Between the NGA and NASBO websites, two-thirds of the states have studied the issue of reforming state government and posted links to those reports housed at either the NGA or NASBO websites. States that do not have links posted to either the NGA or NASBO websites does not necessarily mean these states have not also initiated formal efforts to study possible reforms intended to improve the efficiency of state governance. Other sources of information as it relates to each individual state in which the NGA or NASBO websites does not link to a government reform commission or agency report will be searched. In a significant majority of states, the governor is responsible for assembling the state’s blueprint for spending, programs, and policy priorities; that is, the budget (Rosenthal, 2009). Thus, governor home-pages on state government hosted websites will serve as a useful point of origin in searching for possible reform initiatives undertaken since the economic downturn. Where no report can be found, contact will be made with each state’s executive and legislative branches to inquire whether government reform or redesign studies have been undertaken. This activity will facilitate casting a broader net on the reform initiatives and studies that may have been conducted at the state level for inclusivity in the research.

Coding

Coding for the study is based on narratives developed in chapter two, which analyzed with perspicacity state government fiscal health both during and following the recession period of 2007 to 2012 in the context of the problem, politics, and policy streams of the multiple streams framework.

In assuaging reliability concerns, the coding for the research is primarily objective in nature, and does not involve open-ended, perceptual questions to code. With the exception of the Performance Management, New Public Management, and reform tradition value constructs from
the literature, coding reliability concerns are addressed by using topics and categories delineated within the published reports. To communicate their findings in a logical manner, report authors used subject headings as a means to organize their recommendations. In coding the reports to build the descriptive model of state government reforms, the research will draw from report headings used to organize reform report recommendations and proposals.

Examples of such objective, refined and distinguishable subject headings for coding found within state reform reports include reforms affecting pay, benefits (paid leave, wellness promotion, parking), collective bargaining, workforce size, legacy costs as defined by retiree pension and healthcare benefits, securitizing or selling state owned assets, taxes, fees, state employee travel, and state vehicle fleets. Following these examples, coding overall for the study thus relies on the qualified objectiveness of published state reform reports and the headings, subheadings, and categories already used by report authors in assembling the findings and recommendations of the committee for larger public consumption.

Table 4 depicts the exploratory research question and hypotheses for use in conducting the research, and the conceptualization of the New Public Management, Performance Management, and reform tradition values construct in objective terms for directing the exploratory research.
### Table 4
Construct and Coding

<table>
<thead>
<tr>
<th>Exploratory Research Question</th>
<th>Exploratory Hypothesis</th>
<th>Construct from Literature Review</th>
<th>Conceptualization</th>
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<tbody>
<tr>
<td><strong>RQ.</strong> What themes of government mutability and reform philosophies emerge from the recommendations of various state commissions, task forces, and agencies chartered to study state government programs and public administration redesign and delivery efforts during and in the immediate aftermath of the economic recession from 2007 to 2012?</td>
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</tr>
<tr>
<td><strong>H1a.</strong> The recommendations for reforming state government provided by state reform commission reports will reflect New Public Management (NPM) paradigmatic tenets.</td>
<td>NPM (New Public Management)</td>
<td>Content will be searched according to its conceptualization, articulated by the following tenets: liberation management; entrepreneurial managerialism; empowerment of managers; customer-service focus; contracting-out of government service delivery; business and market orientation – competition and incentives – to produce effective governance of public programs and public policy solutions.</td>
<td></td>
</tr>
<tr>
<td><strong>H1b.</strong> The recommendations for reforming state government provided by state reform commission reports will reflect Performance Management (PM) paradigmatic tenets.</td>
<td>PM (Performance Management)</td>
<td>Content will be searched according to its conceptualization, articulated by the following tenets: improved effectiveness and efficiency in delivery of public programs through measurement of policy results; logic of performance injected into the management and expenditure of public resources; notional values of effectiveness, transparency, accountability, and efficiency embedded within such logic of performance; and focus on performance indicators and outputs.</td>
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<tr>
<td><strong>H1c.</strong> The recommendations for reforming state governments provided by state reform commission reports will reflect the reform tradition values and themes laden in the development of American governance and public administration.</td>
<td>Reform Tradition Values</td>
<td>Content will be searched according to the following conceptualization of an historical reform tradition values theme: fairness, transparency, accountability, efficiency, equity, effectiveness, productivity, competence, responsiveness, and representativeness.</td>
<td></td>
</tr>
<tr>
<td><strong>H1d.</strong> The recommendations for reforming state government provided by state reform commission reports will cut across all major policy areas of state spending or policy functions to produce public policy reforms.</td>
<td>Major policy areas of state spending</td>
<td>Major areas of state policy and spending will be categorized along the following subjects: healthcare/Medicaid; K-12 education; higher education; public assistance; pension/retirement; transportation; corrections; and ‘other.’ Other denotes any items not able to be grouped within one of the subject listed. Additionally, as a matter of major area of policy focus, recommendations specifically targeting budget and taxes/revenues will also be examined.</td>
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</table>

### Ethical Considerations

No ethical issues are anticipated with this research as the majority of the data to be collected is already in the public domain by way of policy positions put forth by the reform commissions themselves.
Chapter Summary

As outlined in chapter one, this study utilizes the research method of content analysis to determine the major patterns and themes of state government responses to the financial crisis of 2007. As a research method of inquiry that studies recorded communications, the appositeness of content analysis is evidenced in that the study will specifically examine communication in the form of written text found in reports and policy proposals produced by reform, restructuring, or government redesign commissions at the state government level throughout the U.S.

Principally a data reduction technique, the content analysis will observe themes embedded in the content of documents and reports related to state government and public administration reforms in the context of the exploratory research question and exploratory hypothesis proposed. Recurring themes or narratives that serve to inform the model of reform being presented by these state commissions will be organized categorically by policy and administrative topics at the state level, as well as across the New Public Management, Public Management, and reform tradition values embedded in development of American governance. A comparative state study, the population for the research is state governments across the U.S. Data will be collected from the websites of two professional organizations affiliated with public administration and policy at the state level in the U.S., the National Governors Association and the National Association of State Budget Officers. The research is exploratory in nature, seeking to build a model depicting reform themes of state government reform commissions.
Chapter 4

Findings and Discussion

This chapter presents the results of the analysis and research design outlined in chapter three. The findings presented in this chapter are structured around the framework of the exploratory research question and hypotheses previously posed. In communicating the findings and discussion of the research, this chapter is outlined accordingly. First, a figure depicting the triadic coupling of the MS heuristic’s problem, politics, and policy streams to produce a reform triad to explain state government reform commissions is offered. Next, an overview of state’s reform commission and task force studies that constitute the data for the research is introduced. Discussed are general themes derived from both the names of reform commissions and their report executive summaries. Finally, the results of the content analysis, in terms of identifying trends and themes found in the coding of each state reform commission’s report and recommendations, are delineated in the context of the exploratory research question, with its nested exploratory hypotheses addressed in-turn. Unifying characteristics of the various state government reform proposals are explicated, with commonalities discussed as to how reform themes articulated in the coding related to the research’s framing through the multiple streams problem, politics, and policy construct established in the previous chapters.

Of particular importance to the study is the exploratory research question. It is used to build a descriptive model for depicting state government reform themes and is developed based on the findings of the research subsequently presented. The model, as discussed later in the chapter, serves as a normative heuristic for organizing and exploring the overarching thematic trends, relationships and connections of public administration, management, and policy found in
the recommendations offered by state government reform commissions for restructuring, redesigning, and reorganizing state government programs, policies, and service delivery.

**Multiple Streams Reform Triad**

In developing the foundation for the research, the literature review dissected state reform efforts between 2007 and 2012 within the framework of multiple streams. Specifically, multiple streams offered heuristic for explaining the process by which the substantive and conceptual basis of the problem, politics, and policy streams became enmeshed to place state reform commissions on the policy agenda for over two-thirds of the states. Organized around the multiple streams model, Figure 9 depicts the development of forces by which the state government reform commissions would rest at the confluence.

**Figure 9**
**Multiple Streams Reform Triad**

In what can be characterized as a reform triad, Figure 9 illustrates graphically the multiple streams paradigm and the interactions of streams in the context of this research setting.
Though independent the streams become interdependent when the coupling of each stream or element through the framing of a focusing event creates a window of opportunity; thus allowing societal and governance problems to be addressed through political and policy solutions. The politics stream anchors the base of the pyramid. It acts as a filter by which the problem stream is not only defined, but also explains the types of policy solutions offered by state reform commissions as well as institutional constraints that impact the menu of available policy actions to address the problem stream.

Discussed in subsequent sections, one of the key themes emerging from the research is the integration of governance and public administration and management values into the language of reform commission titles and recommendations. It is argued that this is done for political purposes. It also provides a management focus by which the reform would target while simultaneously generating popular political support for the reform in order to gain adoption. Multiple streams offers a framework in which the triadic synchronization of streams can explain the emergence of state government reform commissions from 2007 to 2012, thus providing a useful analytical heuristic around which a descriptive model of state government reform can be built.

Overview of State Reform Reports

Table 5 (below) lists, by state, the reform commission reports used in the research and analysis. The reports generated by the various state commissions focusing on government reform, restructure, and reorganization were obtained from thirty-three states.
### Table 5
Listing of State Reform Reports, 2007 – 2012

<table>
<thead>
<tr>
<th>State</th>
<th>Report Date</th>
<th>Commission / Report</th>
</tr>
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<tbody>
<tr>
<td>Arizona</td>
<td>July, 2011</td>
<td>Commission on Privatization and Efficiency</td>
</tr>
<tr>
<td>California</td>
<td>September, 2009</td>
<td>Commission on the 21st Century Economy</td>
</tr>
<tr>
<td>Colorado</td>
<td>June, 2008</td>
<td>Government Efficiency and Management Performance Review</td>
</tr>
<tr>
<td>Connecticut</td>
<td>December, 2010</td>
<td>Commission on Enhancing Agency Outcomes</td>
</tr>
<tr>
<td>Delaware</td>
<td>May, 2009</td>
<td>Government Performance Review</td>
</tr>
<tr>
<td>Florida</td>
<td>December, 2011</td>
<td>Office of Program Policy Analysis and Government Accountability</td>
</tr>
<tr>
<td>Georgia</td>
<td>March, 2010</td>
<td>State Senate Budget Task Force</td>
</tr>
<tr>
<td>Hawaii</td>
<td>August, 2011</td>
<td>When Hawai‘i Works, Hawai‘i Wins: A New Day Status Report</td>
</tr>
<tr>
<td>Illinois</td>
<td>June, 2009</td>
<td>Report of the Taxpayer Action Board</td>
</tr>
<tr>
<td>Indiana</td>
<td>December, 2007</td>
<td>Indiana Commission on Local Government Reform: Streamlining Local Government</td>
</tr>
<tr>
<td>Iowa</td>
<td>January, 2010</td>
<td>State Government Reorganization Commission</td>
</tr>
<tr>
<td>Kansas</td>
<td>November, 2009</td>
<td>Facilities Closure and Realignment Commission</td>
</tr>
<tr>
<td>Louisiana</td>
<td>January, 2010</td>
<td>Commission on Streamlining Government</td>
</tr>
<tr>
<td>Maine</td>
<td>December, 2011</td>
<td>Streamline and Prioritize Core Government Services Task Force</td>
</tr>
<tr>
<td>Maryland</td>
<td>November, 2009</td>
<td>A Balanced Budget: For the Board of Public Works</td>
</tr>
<tr>
<td>Minnesota</td>
<td>December, 2010</td>
<td>Commission on Service Innovation</td>
</tr>
<tr>
<td>Nebraska</td>
<td>December, 2010</td>
<td>LR 542 Listing of Options</td>
</tr>
<tr>
<td>Nevada</td>
<td>January, 2010</td>
<td>Spending and Government Efficiency Commission</td>
</tr>
<tr>
<td>New Mexico</td>
<td>January, 2010</td>
<td>Committee on Government Efficiency &quot;Recommendations of Improving Government Efficiency&quot;</td>
</tr>
<tr>
<td>New York</td>
<td>January, 2012</td>
<td>Spending and Government Efficiency Commission</td>
</tr>
<tr>
<td>Ohio</td>
<td>December, 2010</td>
<td>Budget Planning and Management Commission</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>December, 2011</td>
<td>Government Modernization: HB 2140 &quot;Consolidating the State of Oklahoma's Administrative Functions&quot;</td>
</tr>
<tr>
<td>Oregon</td>
<td>June, 2010</td>
<td>Governor's Reset Cabinet</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>June, 2010</td>
<td>Senate Government Management and Cost Study Commission</td>
</tr>
<tr>
<td>Tennessee</td>
<td>February, 2012</td>
<td>TNForward: Top to Bottom Review</td>
</tr>
<tr>
<td>Utah</td>
<td>August, 2010</td>
<td>Advisory Commission to Optimize State Government</td>
</tr>
<tr>
<td>Vermont</td>
<td>March, 2010</td>
<td>Challenges for Change: Progress Report to the Joint Legislative Government Accountability Committee</td>
</tr>
<tr>
<td>Virginia</td>
<td>November, 2011</td>
<td>Governor's Commission on Government Reform and Restructuring</td>
</tr>
<tr>
<td>Washington</td>
<td>June, 2010</td>
<td>Governor's Committee on Transforming Washington's Budget</td>
</tr>
</tbody>
</table>
Data used in the content analysis were derived from the individual reform recommendations found in each of the thirty three reform commission, task force, and committee reports delineated in Table 5. Sixty-seven percent, or two-thirds of the states, chartered a reform commission that studied state government programs, policies, and systems. Combined in the analysis, the thirty three state reform reports comprised a total of 2,877 pages of recommendations and proposals for improving the delivery and implementation of state government programs and services. Of the thirty three state reform reports, the year with the most activity was 2010, with 14 states publishing their list of recommendations. Eight reports were released in 2011, six in 2009, three in 2012 and one each in 2008 and 2007, respectively.

For reasons discussed in previous chapters – particularly, the lag-time associated with the collection of economic data required to give lawmakers and economists an accurate picture of a state’s fiscal picture, and research time needed for a commission to study the issue and report out reform recommendations – it is not surprising that 75% of state reform reports used in the research were published between 2010 and 2012. This would suggest that the federal stimulus bill, the American Reinvestment and Recovery Act enacted by Congress and signed by President Obama in 2009, provided considerable fiscal aide and temporary relief to state governments, affording them the time to look inward. In the context of the reform commission reports, the federal stimulus presented states with the opportunity of time; time to study their own internal workings of government programs and policies so that they could then in-turn make informed, intelligent choices for closing budget deficits until economic activity increased and revenue levels recovered. This publishing by state commissions of their reports in 2010 or later at 75% versus 25% in 2009 or prior, lend support to this finding, which is further supported when
coupled with the robustness of depth and substance found in many of the commission’s reform recommendations.

Before shifting focus to the exploratory research question and coding of the reform report recommendations and content, two observations are offered with regards to the general characteristics of state reform reports in the study. First, a majority of reports reviewed indicated that fiscal pressures caused by the financial crisis were cited as the impetus behind the formation of the reform commission. Through a simple content analysis of introductory messages, preambles, forwards, and executive summaries found at the beginning of state reform reports illustrates a central premise advanced in this dissertation. Particularly, in the context of multiples streams and the problem stream, the financial impact to state economies caused by the recession of 2007 acted as a focusing event forcing states to undertake state government reform efforts. Indeed, where a preamble or introductory section was provided for in state reform reports, more than half of the reports in the study referenced the fiscal and budget shortfalls as a contributing factor for the chartering of the reform commission’s work and governmental review.

Georgia (2010) cited the need to close $1.6 billion budget deficit during the state’s 2010 legislative session. Illinois’ (2009) report was prompted by a combined FY 2009 and 2010 budget gap projected to total at least $11.6 billion. Noting a “severe” (p. 2) reduction in revenues through 2012, Louisiana’s (2010) commission was assembled with an estimated budget shortfall of $1.3 billion in FY 2011 and over $2 billion in FY 2012. Pennsylvania’s (2010) report estimated a $1 billion deficit in FY 2010, the year it was released. Though their budget gap was not in the billions of dollars like other states, Nebraska’s (2010) findings were prefaced with what was for the state, an historic deficit of $986 million for its 2011 biennium session. In addition to the recession’s impact on state spending and budgets, Ohio’s (2010) reform
commission also noted that its politically installed, constitutionally mandated institutional mechanism requiring annual balanced budgets further reinforces the rationale undergirding the committee’s formation.

Perhaps the Vermont report’s introduction was the most interesting in terms of capturing and delineating what is arguably the fiscal and political undercurrents lying at the essence of all the state’s reform efforts. In its report, the Vermont (2010) committee referred to its work as non-traditional cost-cutting, illustrating the common thread that serves to bind many of the reports together: the reform recommendations presented throughout all the commission were not traditional cost-cutting exercises. Fiscal stability and sustainability were two major themes that served to underscore many of the forwards, executive summaries, and messages introducing the findings presented in the reform commission’s reports defining the tone, substance, and orientation for recommendations put forth.

The second general observation concerning state reform reports is the notion that embedded in the report’s main message is that of a governance and management values theme offered for political effect. It is often times identified in the commission’s name or report title itself. This notion of a governance and management value for political effect is developed more fully in the context of the exploratory research question, and further delineated in the descriptive model constructed for describing state government reform efforts following the 2007 financial crisis. It is prefaced here given its prevalence in both report executive summaries and commission charters, as well as its importance to elucidating an overarching tenet of the subsequent reform construct introduced.

It posits that state commissions, both in their titles, and in the reform language proposed, sought to use the value of administrative and public governance as a means to frame the political
narrative around which the debate over the merits of implementing such reform recommendations would be focused. Through positioning a reform recommendation in the context of achieving greater efficiency, accountability, performance, or transparency in state government programs and operations, commissions would be better able to control the policy discussion around enactment. The intent of commission recommendations being couched from public governance and management values was ultimately to influence decision-makers – governors, state and local elected officials, lobbyists and affected interest groups – to adopt the reform espoused.

Detailed in the subsequent sections, a descriptive model of state government reform began to emerge around distinct trends as the coding of the recommendations offered by the commissions progressed. Guided by the exploratory research question, delineating state mutability and reform themes began to coalesce around discrete yet overlapping and networked typologies of public administration and management principles. As each typological theme was often connected through intersecting normative notions of public administration and management, they were further underscored by an overarching political value or purpose to be achieved should the reform be adopted and subsequently implemented.

Focus for the remainder of this chapter is now devoted to developing a descriptive model for depicting state government reform commissions. To that end, an overarching narrative of state government reforms is presented, with each identified theme nested under three broadly defined tranches – or clusters – of People, Relationships, and Processes which are used as a “reference point” for grouping related themes. The results of the coding of state government reform recommendations and its subsequent model are then examined in the context of the exploratory research question.
State Government Reform Themes and Trends

(People, Relationships, Processes–Values)

Two-thirds of the states created commissions for reforming, redesigning, restructuring, and reorganizing government between 2007 and 2012. The exploratory research question sought to identify themes of government mutability and reform philosophies to emerge from the recommendations of various state commissions, task forces, and agencies chartered to study state government programs and public administration redesign and delivery efforts during and in the immediate aftermath of the economic recession from 2007 to 2012. This exploratory research question was at the core of this research, with the results and findings focused on providing an answer to that question.

The underlying characteristics that served to unite the proposals offered by the various reform commissions focused on administrative and management initiatives to improve productivity and efficiency in the delivery of government programs or services. As such, reform recommendations of the various state government reform and restructuring commissions focused as much attention to remedying structural aspects contributing to state government’s fiscal challenges during and post-recession as they did with respects to detailed line items that constitute agency and program budgets. Although the focus and orientation of reforms offered by a state’s report can often be extrapolated by its title, the reports as a whole enjoyed a richness of substance and specificity in detailing exacting changes to be made in code, statute, organization, system, program, policy, political arrangement or process within the state’s public bureaucracy and administrative operation. While some recommendations offered more in the way of platitudes and generalities in terms of outcomes to be pursued as it relates to state government overall, the state commissions provided policy, program, and administrative reforms that were
substantive, detailed, and exacting. In fact, recommendations from state reform commissions merit noting the extent to which states left no line-item untouched, regardless of the magnitude of savings, to trim outlays in order to balance budgets.

For example, in Maine the commission sought to eliminate the requirement for publishing public notices in state newspapers despite that such change in policy only yielding an estimated $15,000 per year to its general fund. Fifteen thousand dollars in the context of billion-dollar budgets for state governments has a very minimal impact, but such incremental, marginal adjustments can also paradoxically be used to underscore the totality of effort in which commissions looked to redesign state government and the public administration and management of its bureaucracy and programs.

As coding progressed, distinct trends and themes emerged in the recessionary budget climate for state governments, as the underlying substantive nature of reform recommendations were linked by a broader narrative characterized as People, Relationships, and Processes. Reforms targeted the administrative and bureaucratic aspects of government at the state level, with the emphasis placed on altering state government’s relationships with its workforce from an employer perspective, institutional political arrangements from an intergovernmental perspective, and processes from implementation perspective of public programs and policy. The characteristics of these trends are consequently organized thematically into three overarching groupings or typologies – People, Relationships, and Processes. This convention helps to facilitate the presentation of the research’s findings and to delineate themes found in the various state government reform and redesign commissions. Each of these three reform typologies contain a number of features that serve to further define and explain the public administration and management dimensions of the reform, its context within the multiple streams framework of
this research, and the state commissions attempts in recommending changes to its relationship across people, organizational structures and arrangements, and processes employed in the implementation of government programs and services.

A defining characteristic of state reforms presented is the ecosystem, networked milieu in which government programs and services are delivered and implemented in a federalist system. It is through an integrated system of agencies, relationships, funding, and systems at various levels of government, working in concert, to implement public policy. The overlap of reforms across programs, policies, agencies, and layers of government is an important structural dimension to efforts of state reform and efficiency commissions; such overlap and interconnectedness of reform themes clusters will be identified in the subsequent presentation and discussion of the typology of commission recommendations below.
State Reform Themes and Trends

People

In the setting of this research, what is generically termed People represents the first common target of reform by state restructuring and reform taskforces. People, as a reform theme in the context of the research, is conceptualized as the institutions of human capital within state government that is responsible for the delivery of public programs and services. Further defined as the public employee workforce and their associated legacy costs at the state and local level, it quickly emerged as a reform theme found interwoven throughout state commissions on government reform, reorganization, and redesign. In examining various states’ proposals and recommendations, a number of reform patterns were discerned, all of which help to evince the fact that public workforce and labor costs have proven to consume larger shares of government revenues and budgets.

Table 6 shows the reform trends associated with People as public, government institutions of human capital, and the proposed means for dealing with this cost. Coding was logically aligned across ten policy aspects affecting public employee workforces within state government. These ten sub-clusters of People as a dimension of state government reform commission proposals serves to frame the subsequent discussion of the various reform characteristics within its larger typological grouping.
Various aspects of state government’s public employee workforce and civil service systems were targets of reform and serve to provide the substance by which reform themes can be distinguished within state governments’ institutions of human capital for program and policy delivery. Shown in Table 6, they included recommendations to affect the following policy areas and characteristics: size and cost of the state public employee workforce; public employee compensation through wages and salary schedules; public employee benefits; public-private sector compensation parity; the span of control in terms of supervisor to employee ratios within the workforce; alternative work schedules and working arrangements for public employees; professionalization initiatives to build technical capacity within its ranks; targeted changes to the

Table 6
State Reform Themes and Trends (People)

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- Connecticut: 11
- Delaware: 12
- Florida: 3
- Georgia: 2
- Hawaii: 3
- Illinois: 10
- Indiana: 5
- Iowa: 8
- Kansas: 2
- Louisiana: 18
- Maine: 4
- Maryland: 1
- Michigan: 6
- Minnesota: 4
- Missouri: 3
- Nebraska: 5
- New Mexico: 7
- New York: 4
- Ohio: 12
- Oklahoma: 11
- Oregon: 9
- Pennsylvania: 6
- Tennessee: 3
- Texas: 3
- Utah: 12
- Vermont: 3
- Virginia: 1
- Washington: 1
- Wisconsin: 1

%:
- Arizona: 43%
- California: 21%
- Colorado: 12%
- Connecticut: 33%
- Delaware: 30%
- Florida: 12%
- Georgia: 6%
- Hawaii: 9%
- Illinois: 21%
- Indiana: 10%
- Iowa: 15%
- Kansas: 15%
- Louisiana: 24%
- Maine: 6%
- Maryland: 55%
civil service system, by reforming position classification procedures, merit and promotion rules, retention, recruitment, hiring process, accession planning, and the grievance process; rules surrounding collective bargaining rights and arrangement enjoyed by public employee unions, and legacy costs.

**Workforce Size / Cost**

Fifteen of the thirty three state reform commissions focused on the aspect of workforce size and reducing the number of public employees as a reform recommendation. Budget constraints were often cited as the principal reason underlying the push by commissions to reduce the size of the public workforce. Proposals that sought to decrease the number of public employees was a uniting goal or end-state to be achieved for all reform recommendations offered related to workforce size.

Reform commissions in Florida (2011), Louisiana (2010), Nebraska (2010), and Ohio (2010) offered furloughing of employees as a means of trimming labor costs as a component of their budgets. In Florida (2011), a range of options were presented, ranging from forcing employees to take unpaid days off, to directing agencies to achieve a percentage reduction in paid workdays, to allowing employees voluntary leave without pay. Louisiana (2010) cited consideration of a furlough as a mechanism now and in future to rein in labor costs. Signaling the goal of its furlough policy, Ohio’s (2010) commission recommended continuation of its previously mandated furlough days in FY 12–13, referring to them as “cost savings days” (p. 9). Ohio (2010) also recognized the one-time savings furloughs provide to government budgets, as they are non-recurring from one fiscal year to the next. Consequently, Ohio (2010) cited the need to achieve overhead costs reductions overall to tame public employee workforce expenditures. While those states offered furloughs as a recommendation affecting labor costs to government
and workforce size, Hawaii (2011) cited in its report as being able to eliminate its previously instituted furlough policy, noting that a two-day-a-month furlough policy had resulted in a 10% decrease in its public workers-base, which in-turn disrupted public services to residents.

Beyond furloughs, proposals affecting the state workforce size and costs were also offered by state commissions. Reductions in force, or downsizing were proposed by both the Georgia (2010) and Maryland (2009) commissions. Merging positions by combining job functions and responsibilities, reclassifying positions, and eliminating and abolishing vacant positions were offered by commissions in Georgia (2010), Illinois (2009), Iowa (2010), Louisiana (2010), Maine (2011), Maryland (2009), Missouri (2011), Tennessee (2012), and Wisconsin (2012).

Only Illinois (2009) and Wisconsin (2012) proposed both a reduction in size of its overall public employee workforce as well as increased hiring in targeted agencies with specific functional responsibilities concerning public safety, oversight, quality assurance, and training in specific policy areas. For example, the Wisconsin (2012) report discussed the imperative of adequately staffing its Medicaid Quality Assurance Unit as a means of ensuring program integrity and training of employees to prevent fraud, waste, and abuse within the Medicaid program for provider reimbursement payments. It also called for increasing the number of employees in the state’s Legislative Audit Bureau so that audits of Wisconsin’s public assistance programs could be accomplished at regular intervals as determined by the state legislature. Here again, the commission viewed such targeted increases in a specific agency or functional area – the Legislative Audit Bureau – as an investment that would achieve net savings overtime relative to the costs of employment to the state. On the other hand, Illinois (2009) recommended increases within the Department of Corrections and State Police as a means to reduce overtime
costs, which proved to be more costly to the state than the cost of hiring additional personnel and staff for corrections and policing duties.

With few exceptions, the reforms proposed affecting states’ public employee workforce size and cost were proposed without regards to specific agencies or employees. Illinois’ reforms specifically targeted its corrections and state police personnel as previously discussed. Michigan’s (2009) workforce reduction efforts focused on both corrections staff and public education. To achieve a smaller cadre of corrections officers, Michigan’s (2009) commission recommended reforms of various policy aspects related to corrections personnel. Such recommendations included reevaluating prisoner classification-levels and relief factor ratios concerning the number of correctional officers to prisoners. Each of the proposals, if adopted, would have the net effect of reduced corrections officer staffing levels. Nevada’s (2010) workforce reform recommendations focused directly on reducing the size of its Department of Motor Vehicles.

With regards to teachers in K-12 education, Michigan proposed offering a retirement incentive with state and matching local school district funds. The program’s goal, as cited by the Michigan (2009) study group, was a target of 10,000 teachers taking the retirement incentive at an estimated cost of $50 million per year to the state. However, the savings to local school districts were approximated at $30,000 per employee per year; hence, a net-savings to the state government in the long-run. Vermont took a similar approach to that of Michigan’s reforms targeting rules and policies surrounding corrections department personnel in drafting recommendations for reducing the number of teachers. In the case of Vermont (2010), it proposed minimum student-to-staff ratios, using attrition as a means to achieve the ratios. In
advancing its recommendation, Vermont (2010) noted that 80% of its total education costs are allocated to salaries and benefits.

Michigan also looked towards the long-run and proposed a five-year supply and demand forecast study, subject to annual review and adjustment, to achieve an appropriately sized workforce (Michigan, 2009).

Reforms affecting the size and cost of state government public employee workforces were the most commonly referenced theme found in the coding of state reform commission recommendations outside of legacy costs.

Pay

State reform, restructuring, and redesign commissions sought to alter the arrangement surrounding the salaries and wages state governments – as employers – pay to its public sector employees. Such pay reforms were offered through changes to public sector salary schedules, rules governing overtime, and implementation of merit, performance-based and driven pay systems.

Pay – Salaries and Wages

All reforms recommended to salaries and wages were offered to reduce the costs to maintain the public sector workforce. Of the seven states that focused on state employee salaries, six – Florida (2011), Georgia (2010), Illinois (2009), Maine (2011), Nebraska (2010), Oregon (2010) – advanced reform language to decrease the public sector salaries and wages. Oregon’s commission report proved particularly useful in framing the issue of labor and salaries expenditures within state government budgets, and the subsequent initiative by reforms targeting salaries and wages. In the case of Oregon (2010), its commission notes:
Approximately three of every four dollars that the state spends from its general fund ends up in a paycheck and in payments for benefits that accompany a paycheck. These are the “people costs” of delivering services to Oregonians. They extend far beyond the state’s own workforce to teachers and support staff in local schools and community colleges, employees of cities and counties and the health care and construction workers employed by state-funded contractors. (p. 67)

While Illinois (2009) recommended a freeze in pay for all positions – including management, collective bargained, and exempt positions – as well as a halt to all merit pay-related step increases following Georgia’s lead, it also sought to reduce salary expenses by regionalizing pay. Illinois’ state reform study proffers that targeted salary cuts could be achieved through the creation of regionalized pay scales that vary based on geography and local cost of living. This unique approach, not advanced by any other state commission, represents a common sense solution in recognizing what could be a potential barrier to recruiting talented individuals to work in higher cost of living areas while at the same time provided needed budget savings.

Utah was the only state that recommended increasing public sector wages. However, this recommendation was to be neutralized by an accompanying reduction in employee benefits. The Utah’s (2010) Advisory Commission to Optimize State Government found that on average state employee compensation was 16.8% below that of private sector workers while state employee’s had on average a 19.5% more generous calculated benefits package. Thus, Utah’s (2010) commission recommended achieving a better mix of aligning public-private sector pay and benefits by increasing pay and reducing benefits of public employees. The study (Utah, 2010, p. C-5) noted a “rising generation of employees who are more often interested in ‘take home’ pay
than in future benefit streams” and the challenges such a mismatch will have on the state’s ability to attract and recruit talented employees as the impetus for such reform.

**Pay - Overtime**

Four states focused on realizing savings in its payroll costs by reducing the amount of overtime paid to its public employees. Michigan’s (2009) overtime costs within its corrections department totaled on historical average of $100 million annually. Thus, the commission set as a goal $50 million in reduced overtime costs annually. However, at the same time it provided no substantive means for achieving that recommended amount other than offering the requirement to reduce overtime as a needed reform within the public sector workforce. Tennessee’s (2012) overtime reforms were also targeted within the corrections department, but like Michigan only cited the imperative to reduce overtime without advancing policy changes for realizing such savings.

In the case of both Delaware and Wisconsin, the overtime reforms proposed would result in a decrease in benefit to public employees. Yet, in terms of actual reform proposed, each reform committee simply called for aligning the state’s more generous overtime benefits with that of the federal Fair Labor Standards Act. The FLSA sets overtime for non-exempt employees at 40 hours per work week. Delaware (2009) proposed changing its overtime rules by redefining the state’s standard work week from 37.5 hours to that of the federal government’s 40 hours as specified in the FLSA. Wisconsin (2012) proposed similar alignment of the state’s overtime rules with that of the federal governments.

**Pay – Merit/Performance Pay Systems**

Performance Management as a reform theme emerged across two of the reform clusters, People and Processes. Performance Management methodologies and principles applied to public
sector compensation is a reform component that will also be considered in state government’s approach to achieve efficiencies and cost-savings with respects to vendor contracts and service providers under the Processes cluster. However, state efforts that targeted only public sector compensation systems or modeling of pay systems based on Performance Management are outlined under the People cluster given its application to state government public employee workforce. Indeed, Performance Management principles were manifested in the reforms that sought to integrate public employee compensation contingent upon performance and evaluation rating systems.

As a specific category of public employment sector, teachers were more often targeted for proposals to implement a performance-based pay system than other professions within the public employee workforce. Georgia (2010), in an attempt to reduce payroll costs, proposed the elimination of automatic step increases for teachers, seeking instead to tie increases in salary steps to performance as well as the development of merit-based pay system as a means to incentivize student achievement in the classroom. It also promoted a recommendation to tie executives’ bonuses within the state’s lottery system to educational payouts rather than lottery revenues (Georgia, 2010). Merit pay and a performance evaluation system linked to pay for public educators in K-12 education were also reforms targeted by the Missouri (2011), Oregon (2010), and Tennessee (2012) commissions. Referred to as strategic compensation, Tennessee offered it as a recruiting tool to attract and retain effective teachers.

New York’s (2012) commission broached the issue of performance pay within the public sector as a means to build a culture of performance and accountability. The system envisioned in New York called for the creation of a dedicated performance unit of three to five analysts managing and maintaining the system statewide for all agencies. Michigan (2009) cited the
benefits of improving service, eliminating waste, and increasing value added results through a continuous improvement process mechanism and in deciding to offer a Performance Management system that was results-oriented. Oklahoma’s (2011) commission was more cautious in its approach, recommending additional research regarding pay for performance options for its public sector employees before offering a full-fledged policy change. In its discussion of pay for performance, Oklahoma (2011) did identify the ultimate goal of any eventual performance pay system to be proposed: replace across-the-board general pay increases to all state employees with pay adjustments that were instead linked to the employee’s annual performance rating. Improvements to the equity of the state’s compensation system rested at the core of the commission’s view towards a public employee performance pay system.

Arizona, Louisiana, Vermont and Wisconsin also proposed merit-based pay systems to professions within the public employee workforce outside of educators, by either targeting other policy areas, specific departments, or within the entirety of the state workforce. For example, Tennessee (2012, p. 56) charged its state’s human resources department to “develop a best-practice performance evaluation system for state employees that is fair, flexible, and promotes excellence through the use of goals that are specific, measurable, achievable, relevant and time sensitive (SMART).”

As a method to build and maintain expanded community relationships amongst its Department of Forest, Parks, and Recreation staff, Vermont (2010) proposed exploring an incentive pay system for its seasonal employees. In the same vein as Michigan and New York, Wisconsin’s performance push was grounded in the foundational values of accountability and effectiveness, specifically within its public assistance department agencies. To maintain what the Wisconsin commission qualified as program integrity, performance measures for public
assistance staff should be created to improve consistency of processing across its cadre of caseworkers (Wisconsin, 2012).

In summary, state reforms in public sector pay focused specifically on tying elements of its salary and wage structures to merit and performance-based pay systems. At the core of state commission reform recommendations was realizing increased effectiveness, performance, accountability, and equity within its public workforce.

**Benefits**

Though states offer a variegated array of benefits to its public sector employees, some commonalities and themes emerged with regards to reforms recommended to affect public employee benefits. Those components of benefits for state workers most often proposed for reform included: health care, paid leave, availability of free parking, and wellness initiatives.

**Benefits – Health Care**

Changes to public employee health care benefits were proposed in 12 of the state reform and redesign studies. It was the third most cited reform theme by state commissions affecting state government’s public employee workforce behind composition of workforce size and cost and legacy costs. Such reforms come as no surprise given previous discussion of health care costs outlined within the problem stream in chapter two. States seeking changes to the health care benefits currently being offered or to be offered to future employees spanned a range of substantive policy reforms to realize overall costs savings by shifting costs from the state as an employer to the employee. Most frequently referenced reform characteristics include increasing employee deductibles, co-pays, and premiums.

Increasing employee’s share of premiums or decreasing employer’s contributions for health care benefits were cited by Delaware (2009), Illinois (2009), Oregon (2010), and Texas
(2011) as reforms to realize costs-savings to state government treasuries. Delaware (2009), Illinois (2009), and Oregon (2010) noted a push to align its employer-employee contribution rates with national averages or industry standards as the impetus behind its reforms. Though Texas (2011) sought to reduce its contribution rate as the employer by 10%, it also recommended implementing a waiver process for employees with household incomes less than 200% of the federal poverty level.

Changing health insurance plan features, namely increasing insurance deductibles, were also offered by states in reforming employee health care benefits. In addition to increasing employee premiums, Illinois (2009) suggested altering health care plan design by implementing features that shifted costs away from the employer and onto the users of the health care. Higher deductibles, co-pays, and out-of-pocket maximums were all hallmarks of Illinois’ reforms. A shift to high deductible health care plans within the Missouri Consolidated Health Care Plan and encouraging health savings accounts were advanced in Missouri (Missouri, 2011). Oregon (2010) reported findings that showed its current deductibles and co-pay structures were misaligned with industry standards, more generously oriented towards employees. Wisconsin (2012) illustrated the success of one local school district in achieving savings of nearly $1.5 million by switching to a higher deductible health plan in support of recommending other districts to follow the city of Onalaska’s example. In Wisconsin (2012), Act 10 was referenced for affording increased flexibility to school districts in implementing such recommended cost-savings measures affecting public employee health care benefit plans.

Lastly, some states that proposed lowering the level of health care benefits to employees proved more difficult in characterizing the exact nature of the reform to employees other than to recount that the overall net impact would such action would incur in terms of cost-savings to
state governments. One such instance is Georgia; in its *State Senate Budget Task Force*, reforms centered on encouraging employee participation in consumer-driven healthcare plans, increasing awareness and access to market pricing and information to foster value purchasing on the employee’s part and improving preventive healthcare through routine screening (Georgia, 2010). Another is Oklahoma (2011), which advanced recommendations to explore pilot programs regarding cost containment with built-in mutual accountability incentives between healthcare providers and state employees.

Other proposals with an overall effect of reducing employee health care insurance benefits took on a number of forms in the reform commission reports of Connecticut, Florida, Michigan, and Nevada. Connecticut’s (2010) reform focused on lowering the reimbursement rate for prescription drug benefits of state employees and retirees. Nevada (2010), in its discussion of reforming public employee health benefits, pointed to what it saw as an equity and fairness issues between benefits levels offered to workers in the public sector compared to the private sector; thus, a recommendation to lower the level of benefits was offered yet no policies for achieving such reduced levels was suggested.

Both the Florida (2011) and Michigan (2009) commissions, on the other hand, provided a menu of policy options that encompassed a number of possible arrangements as it related to benefits structures for employee health care plans and coverage. Here again, the underlying theme was cost-reduction and containment on the employer side, i.e., state governments grappling with fiscal pressures against the backdrop of 2007 financial recession. For example, Florida’s reform committee put forth a menu of policy options that legislators in the state should consider. Options ranged from the elimination of all health, life, and disability insurance benefits to a flexible benefits program where employees are allocated a specific monetary amount for
each benefit and can then select among the available insurance products until the benefits limit is reached. Florida reforms also included increasing employee premiums, reducing coverage currently provided by insurance plans, and structuring employee plan coverage levels based on family size (Florida, 2011).

Michigan (2009), in its effort to reform public employee health benefits, recommended hiring outside consultants with expertise in the healthcare insurance industry to provide information on a host of policy issues and questions as it relates to the topic. Questions that Michigan needed answers to before offering policy reforms included: what should the appropriate cost borne by state and local governmental units be for providing public employee healthcare benefits; what is the feasibility of charging different rates to new and future employees than to current ones; conducting a comprehensive review of the structure of public health plans in the state; and first investigating the option of setting revenue sharing payments to local governments in providing their employees with healthcare benefits that are no more generous than those which are offered by the state to state government employees.

**Benefits – Wellness Promotion Initiatives**

Wellness promotion and incentives geared towards encouraging public employees to live healthier lifestyles was also a reform theme that emerged in the coding of state reform commissions and reports. This reform mirrors other similar initiatives currently underway across the country in many health care insurance plans, as well as legislation at the federal level in the Affordable Care Act with its focus on preventive screenings and the establishment of mandatory minimum coverage levels. Similar to private insurers, state governments as employers are also focusing on wellness and prevention in their efforts to control rising health care costs in providing health insurance benefits to their public workforce.
Florida (2011), Texas (2011), and Wisconsin (2012) each offered wellness promotion as part of its package of reforms to public employee benefits. Wisconsin (2012) recommended a uniform benefits package for all state employees with incentives and discounts for employees who met certain established wellness goals. Texas (2011) recognized discounts for employees as a means to induce healthier behavior amongst its public employees in addition to penalizing unhealthy living habits. A $30 monthly tobacco user surcharge on healthcare premiums for employees who use tobacco was recommended for workers covered in the state’s Employees Retirement System, the Teacher Retirement System, and University of Texas and Texas A&M University systems employee retirement plans. Texas (2011) also sought to require agencies to designate employee transportation coordinators to administer a newly designed commuter choice program, and negotiate discounts for employees who walk or bicycle to work.

**Benefits – Paid Leave**

As a benefit enjoyed by state public employee workforces, a number of states offered proposals to reform and further curb the costs of paid leave to state governments. Four states – Delaware, Florida, Illinois, and Virginia – targeted the current compensation levels of paid leave afforded to state workers, targeting various aspects as to how the benefit is structured.

Delaware (2009) recommended further research into the legality of changing how unused sick leave is paid out to employees. Illinois (2009) suggested elimination of certain paid holidays and Virginia (2011) discussed initiatives that would simplify its current system and bring it more in line with leave systems more commonly found in the private sector. A leave system that would both put the state on sounder financial footing and ensure employee fairness rests at the foundation of leave system reforms offered in Virginia (2011).
In addition to Florida’s report which cited the imperative to simply reduce state employee leave benefits, a panoply of detailed policy options were provided for the legislature to debate for possible adoption. Leave benefits reforms in Florida (2011) included: conversion to a paid time-off policy that would include one single category of both sick and annual leave with a goal of reducing terminal leave payouts; adoption of a “use it” or “lose it” leave policy from one year to the next; reductions in the amount of carry forward leave from year to year; reducing the current number of paid holidays; standardizing leave accrual categories by eliminating leave differentials based on longevity; annual cash payment in lieu of carrying forward annual and sick leave balances; and reducing the amount of special compensatory leave that can be earned and accumulated.

Moving towards a ‘paid time off’ leave system was specifically referenced in both the Virginia (2011) and Florida (2011) reports.

**Benefits – Parking**

Though cited by only two states as a benefit targeted for reform, it is nonetheless related in the results of the coding for it speaks to the extent to which many of the states attempted to rein in the costs of state government brought about by the recession and the fiscal year budgets assembled in the years following in its aftermath. Florida (2011) and Texas (2011) each recommended increases in the fees charged to state employees for parking in state parking lots to cover maintenance and operation costs.

Emerging as a central undercurrent of the reforms targeting all public employee benefits, particularly with the most expensive to state government being that of public employee healthcare, is the notion of fairness and equity. Often cited was the issue of achieving public and private sector parity in terms of salary, wages, and benefits levels as the underlying impetus for
reform recommendations which sought to lower overall costs to state governments. This meme of fairness and equity is transmitted and reinforced by the next reform theme discussed in the context of people and state government’s workforce of public employees: aligning public-private sector compensation levels.

**Public-Private Sector Compensation Parity**

A number of states cited research indicating a mismatch between public and private sector compensation levels, with that of the public sector being more generous – and hence more costly to state governments – than its private sector counterparts. This research paper recognizes that this is a highly politicized and debated issue with a multitude of studies presenting contradictory conclusions but it should be noted that public and private sector compensation levels as a reform theme emerged across all the state reform commission reports.

Values of fairness and equity were most often used to justify and frame reforms offered that would reduce levels of public sector employee compensation. Seven states recommended changes to salary or benefits levels paid to state and local government workers: Georgia (2010), Illinois (2009), Nevada (2010), Oregon (2010), Tennessee (2012), Utah (2010), and Virginia (2011). In Illinois and Tennessee, reforms focused on reducing public employee salary levels to better align with comparable private sector pay. Georgia, Nevada, Oregon and Utah proposed changes to both benefits and salaries to achieve private-public sector compensation equality. Virginia concentrated on reforms to achieve leave benefit parity of its public workers with that provided by private employers. Nevada specifically hinged the state’s ability to balance its budgets on achieving such parity in pay and benefit levels, writing:

In general, Nevada has a lean state government workforce that is paid salaries equal or above the private sector. However, benefits, including taxpayer contributions to
retirement and health care pro-grasms, greatly exceed the private sector. By combining the two, the average state worker is paid considerably more than their private sector counterpart. This is unaffordable in the short run and unsustainable in the long run as many states are now experiencing. The sooner Nevada addresses this, and the sooner total government employee compensation is brought into parity with the private sector, the sooner the state will achieve a balanced budget allowing it to provide needed citizen services at desired levels. Dealing with this issue alone will save half of all the money contained in the Sage Com-mission’s recommendations. This is not just a financial issue; it is one of fairness for all of our citizens. (Nevada, 2010, p. 1 of 2)

Span of Control

Reforming the span of control, or ratio of employees to supervisor, was proposed by ten states commissions, and it is the fourth most common reform theme grouped under the header of mutability proposals affecting state government’s public employee workforce.

Efficiency, effectiveness, performance, and accountability were values most associated with reforms to increase the span of control. For example, Connecticut (2010) named increasing its span of control within its state workforce as a means for achieving greater accountability, efficiency in decision-making, effectiveness in organizational structure, and competence through a streamlined, flatter, and less stove-piped bureaucratic structure. Optimizing efficiency in operations and reduced hierarchies were noted in Georgia’s (2010) report. Eliminating management layers (i.e., efficiency) was the targeted value for span of control reforms in Michigan (2009).

Iowa and Louisiana both identified a specific ratio to be achieved by its span of control increases. In Iowa (2010), the span of control goal was 20:1. In Louisiana (2010), goals were
proposed at 10:1 in all departments, but with the permission of the Joint Legislative and Budget Committee, certain highly technical positions could be authorized as low as 5:1. An average target of 8:1 was provided in the state’s Department of Social Services. Wisconsin (2012) noted increasing span of control to a more optimal, nationally recognized level, but failed to specify within the reform recommendation exactly what that ratio would be.

Three of the ten states – Louisiana, Nebraska, and Nevada – offering span of control increases specifically identified those staffing reforms to occur to the workforces involved in health, human, and social service programs.

**Alternative Work Schedules**

Creativity and recognition of leveraging advancements in state information technology systems on the part of reform commissions are found in the reform trend that advanced alternative work schedules. Changes to work schedules, compressing the work week, and offering telecommuting as an option were all advanced under the grouping of alternative work schedules as a means for states to realize cost savings within their public employee workforces. Telecommuting was advanced in Florida (2011), Iowa (2010), and Missouri (2011). Compressed work weeks to save on energy costs in state owned buildings and altering shift lengths to avoid overtime costs were found in all five – Florida (2011), Illinois (2009), Iowa (2010), Missouri (2011), and Nevada (2010) – coded for alternative work schedule reforms.

**Public Workforce Professionalization Initiatives**

While state reform commissions were by and large focused on reform proposals that would reduce costs within its state public employee workforce, there were also instances of recommendations that signaled recognition of the need by states to invest in its cadre of human capital that it relies on to deliver public programs and services to residents. In that vein, several
states advanced reforms that would invest in training programs to develop capacity and technical 
expertise by equipping workers with greater training required to perform their job functions more 
efficiently and effectively.

A push for reforming state public workforces to become increasingly professionalized 
and skilled was found in commission recommendations of Hawaii (2011), Indiana (2007), 
Nevada (2010), Tennessee (2012), and Texas (2011). Indiana’s recommendation were 
particularly unique in that the commission specifically sought professionalization reforms for 
targeted positions within local government by codifying minimum professional qualification and 
standards for certain county government administrative functions. .

In addition to investments in the workforce through increased training opportunities, state 
commissions also saw the reforms as a way of dealing with workforce size-related costs and 
accession planning through cross-training and knowledge capture. This focus was particularly 
evident in Tennessee’s (2012) TNForward: Top to Bottom Review of state government, and 
Nevada’s Spending and Government Efficiency Commission. The goals of such a cross-training 
program recommended for implementation across all cabinet level departments in Nevada (2010) 
were threefold: alleviate use of overtime, offer job enrichment and professional development 
opportunities, and improve operational efficiency and more effectively deal with peak workload 
cycles in the face of reduced staffing levels.

Civil Service System Reforms

Reforming state civil service systems were a common trend targeted for change in state 
reform commission recommendations. Eight states in total sought out ways for reforming their 
civil service systems. Making the hiring process more efficient, streamlined, flexible, and 
responsive to management needs were referenced by Arizona (2011), Iowa (2010), and New
York (2012). In Iowa (2010), the current hiring process is seven steps. Its commissions suggested shortening that process to three. Modifications to rules governing recruitment and position classification were offered in New York (2012), Oklahoma (2011), Tennessee (2012), and Texas (2011). Modernizing workforce rules in New York (2012) through computerized testing solutions was seen as a way to streamline the hiring and promotion exam process, as was greater promotion-list flexibility and expanded transfer opportunities.

Reforms to civil service systems by many states were also couched from the perspective of recruiting higher caliber talent. New York (2012) recommended developing a program specifically geared to encouraging younger talent and minorities to join the state’s workforce. A stakeholder engagement process comprised of focus groups and surveys amongst current employees was proposed for making civil service system improvements.

Two states, Tennessee (2012) and Wisconsin (2012), saw the need for making changes to its civil service system as part of its accession planning – overlapping with a theme also found in professionalization reforms previously discussed.

**Collective Bargaining**

In two states, the collective bargaining rights of public sector unions were targeted for reform amongst state efficiency and redesign commissions. Ohio’s approach to the topic was positioned from a need to provide the state and its political subdivisions with greater flexibility to deal with personnel expenses. Its recommendations, though none specifically stated, can be interpreted to be one whereby collective bargaining rights would be weakened given tone of the reform language (Ohio, 2010). Concerning collective bargaining, Michigan’s (2009) commission proposed a mutual gains approach to how collective bargaining is exercised. It noted this
approach’s popularity and effectiveness within the private sector, professing the belief that it works best where significant financial pressures exist and job retention is at stake.

As a reform, Michigan’s commission serves to succinctly underscore a meme transmitted throughout the research – state governments between 2007 and 2012 found themselves facing significant fiscal and budget pressures. The cost to state governments of staffing and compensating the public sector workforce it relies on for implementing and delivery public policy, programs, and services to its residents, while offering what is now increasingly viewed as more generous pay and benefit levels when compared to the private sector, is no longer fiscally sustainable, feasible, practical, or politically popular. Values of fairness and equity were most frequently communicated in the reform language seeking to curb public sector benefits and pay. The substance of the reform themes outlined proves and underscores this point. Moreover, nowhere else is such a policy topic for reform from a fairness, equity, and fiscal sustainability perspective better illustrated than on the issue of state and local government employee legacy costs.

Legacy Costs

pension benefit structures. Seventeen of the eighteen states that targeted retiree healthcare benefits for reform also sought changes to pension benefits, with Michigan’s commission being the only one to focus singularly on retiree healthcare benefits. However, not all states that broached pension plan reforms also discussed healthcare benefits. States where modifications to legacy cost systems as a whole were proposed—defined in the context of both retiree pensions and healthcare—included Connecticut (2010), Illinois (2009), Nevada (2010), Oregon (2010), and Texas (2011).

Though the discussion of legacy costs as a component of the problem stream in chapter two dissected this policy topic between retiree pensions and healthcare benefit costs, coding of the language of reform recommendations oriented towards legacy costs proved more difficult in terms of discerning whether retiree pensions, benefits, or both were the focus of the proposal. While state public employee retirement systems are in many respects homogenous in their design and structure, variations nonetheless do exist. This presents challenges in the coding of the reforms along a division of pensions and healthcare benefits given specific circumstances of each state’s public employee workforce system and rules. Thus, all reforms noted below are referenced in the context of legacy costs as a whole within state public employee retirement plans.

implications for failing to adequately deal with costs of funding its public employee workforce and associated legacy costs, Connecticut (2010) noted that currently 25% of its general fund is directed towards funding compensation, both salary and pensions, and healthcare benefits for current employees and retirees.

States also varied in the approaches for dealing with the fiscal burdens of meeting looming legacy costs, as the level of policy analysis put forth in offering reforms pensions and retiree healthcare benefits widely varied from state to state. Whereas some states provided a host of policy options for grappling with legacy costs associated with providing retiree pensions and benefits, others simply noted the need for reform. Pennsylvania’s (2010) report deferred offering any real substantive policy solutions. Instead, it highlighted the complexity of the issue, noting the magnitude of the challenge within the state necessitated its own committee task force to offer a more detailed, comprehensive review and range of recommendations for dealing with the financial aspects of its overburdening legacy costs.

Hawaii’s (2011, p. 6) report called on lawmakers to “develop an action to find solutions for our long-term unfunded liabilities in the state’s pension system and for health insurance benefits for state and county employees and retirees.” Contrast this with that of the Arizona commission, in which five possible plan design options were recommended for adoption, dependent on the results of an actuarial study of the short, medium, and long-term costs associated with plan design option. Reform options put forth by Arizona (2011) included: continuing to enroll new employees in the state’s defined benefit plan, enrolling newly hired employees and certain existing employees in a defined contribution plan, and enrolling new and certain existing employees in a hybrid plan. By using the results of an actuarial study to support
subsequent changes to the pension and benefits plans of retirees, Arizona sought to defuse, as much as possible, the politically sensitive nature of any such reform efforts.

In addition to Arizona, other states providing a range of policy options, funding mechanisms, and plan designs to meet immediate or future funding obligations of legacy costs included Illinois (2009), Nebraska (2010), Nevada (2010), Texas (2011), and Virginia (2011). The Nebraska report took great pride in a demonstrated ability of meeting actuarial determined unfunded liabilities in each of its state-administered retirement plans in the past, citing a history of increasing contributions rates by employees to fund increased benefits and ensure funded obligations are met within the plans. Texas’ array of proposals to maintaining solvency in its pension systems entailed developing a new hybrid pension structure with elements of both defined benefit and contribution plans, finding revenue to fully fund its current system, or altering benefits so that current funding levels are sufficient to make the system solvent without additional state funds. Likewise, Virginia presented to lawmakers options for consideration that included increasing employer and employee contributions, new defined contribution and hybrid plans, adjustments to the retirement multiplier to align better with private sector plans, and increasing vesting, age, and years of service for employees to become eligible for retirement benefits. In Illinois, while its report recommended continuation of its current defined benefit plan system, significant changes were nonetheless required if it were to become solvent. Raising the retirement age to 67, changing rules surrounding final average salary and compensation computations, and restricting expansion of alternative formulas for special employee categories like firefighters and police were all aspects of Illinois’ defined benefit plan advanced for adoption. Thus, as much as some states offered wholesale redesigns of their current retirement...
and legacy cost systems, others sought more incremental or smaller changes as a means to find cost savings and meet its funding obligations.

Increasing contributions by employees and restructuring retirement plans by shifting to defined contribution systems were the prevailing proposals found amongst the state reforms. Such reforms were advanced as policy options by Delaware (2009), Georgia (2010), Nevada (2010), Pennsylvania (2010), Texas (2011), Utah (2010), Virginia (2011), and Washington (2010).

Recognizing legal challenges involved with attempting to alter the pensions and benefits accrued to and promised to current employees and retirees, a handful of the state proposals targeted pension reforms applying to future employees hired after a given date. In recommending their pension and healthcare benefit reforms, Arizona, Nevada, Oregon were all cognizant of the potential for legal challenges by current employees, or the feasibility from a legal standpoint as they alluded to the legality of the very proposals being offered.

One state, Michigan (2009), included an option for selling bonds to finance the long-term costs of funding retired employee health benefits.

Missouri (2011) and Pennsylvania (2010) each sought new organizational structures to emerge for managing retirement systems. A single retirement investment board to manage investments of Missouri’s two systems was recommended. Similarly, the Pennsylvania government reform task force called upon the legislature to create a unified retirement system for Commonwealth employees to improve plan management and investment returns through minimizing management fees and transaction costs, thus freeing up more funds to be directed towards meeting pension and benefit obligations.
Finally, Illinois’ (2009) discussion of reforming its public employee retirement system and plans was unique in that it saw its work as part of avoiding what it qualified as a moral hazard related to legacy costs. Pension benefits promised “now” must be fully funded “now” so as to not leave future generations burdened with the responsibility and costs for decisions borne by lawmakers “now.”

Indeed, legacy costs signified a main theme for reform and mutability state reform, redesign, and reorganization commissions. States push to alter retirement benefits and plan designs further underscore two main points. First, current benefit promises in many states are proving too costly to sustain and unmanageable from a fiscal obligation standpoint while still allocating resources to other policy areas and programs. Reforms advanced largely focused on placing a greater funding onus on the employee versus the state governments as the employer. Given legal concerns with changing benefits already promised to employees currently in the system, changes to new hires were more common. Second, state reforms for dealing with legacy costs represent the political manifestation of notional values of fairness, equity, and accountability. This is illustrated in those states, most notably Illinois, that depicted the issue of legacy costs from a moral hazard perspective that would unjustly burden future generations with promises made by current ones.

**Summary: State Reform Themes and Trends (People)**

As a reform theme cluster, the People typology was defined in the context of the various policy aspects and dimensions affecting state government’s public sector workers. People as a reform theme denotes state government’s institutions of human capital involved with the implementation of public programs and policies. Based on the research, reforms and trends were aggregated into ten sub-clusters that centered upon various characteristics that gave substance
and composition to state government’s public employee workforces. The research suggested that features of the state government public employee workforce and civil service systems that were most commonly cited for reform by state commissions included: workforce size and cost; public employee compensation levels and pay systems; public employee benefits; public-private sector employee pay parity; supervisor-to-employee span of control ratios; alternative work schedules; professionalization, training development, and capacity building within state workforces; civil service system reforms; public employee collective bargaining rights; and legacy costs associated with public employee pensions and benefits. The most common reforms within the policy area of state government public employee workforces targeted throughout reform task force and committee reports were legacy costs, workforce composition, size, and cost, public employee benefits, and span of control.

Values of efficiency, effectiveness, performance, accountability, equity, and fairness were memes repeated and reinforced throughout state reform commission reports as the underlying principles cited in justifying commission recommendations. Many of the reforms that emerged within the cluster of People overlapped to complement one another in terms of achieving a desired goal of the commission offering the recommendation. That is, reforms were not presented in isolation of one another. Rather, many of the reforms proposed cut across other sub-clusters with implications for a number of other policy aspects of states public employee workforces. This is perhaps best demonstrated by changes proposed to legacy costs systems also having implications on workforce cost, pay-systems, and benefit levels. This networked concept across reform themes and trends is a fundamental component of states reform and efficiency commission efforts to redesign and reorganize state government programs and service delivery mechanisms.
Finally, alluded to earlier in this chapter, because reform and restructuring commissions across the states were chartered with varying degrees of authority and mandates in terms of the charge, politically, in which they undertook their study of state government operations, programs, and services, some commissions referenced a topical aspect of state government needing reform but offered few specifics. This is what is referred to as a substance free reform target, and most common amongst those policy areas that were sensitive of in political nature, had the potential for politicization, or the potential for mobilization political forces to resist adoption of the reforms proposed.

The policy topics of public employee pay, benefits, and legacy costs represent three such areas. As a result, many reform commissions recognized a need for reform in this policy area, for reasons outlined in the problem stream of this research, yet offered little by way of substantive policy changes targeting various dimensions of its state and local government public employee workforce. However, their inclusion for discussion as a reform theme within the research is important nonetheless, particularly against the backdrop of underlying structural fiscal challenges it will present state and local governments over the course of the next two decades. Virtually every state depicted in Table 6 that offered a People-oriented reform fell victim to this characterization at some point, applying to each of the reform trends and themes depicted and discussed in this section. Focus is now turned to developing the second cluster of reform to emerge in the coding of state commission reports and studies: Relationships.
State Reform Themes and Trends

Relationships

Development of many of the institutional and political structural reforms delineated below was informed by chapter two’s dissection of the politics and problem streams within the multiple streams framework. Relationships as a major tranche of reform serves to capture those reform recommendations that were thematically linked through proposals seeking to alter arrangements, relationships, and policies of political institutions. In the context of the research setting and study, reforms are delineated under and represented by Relationships given their linkages through intergovernmental relations and the inherently political processes involved with altering aspects of state government budget, tax, and revenue structures. Reforms grouped under the Relationships cluster are best defined conceptually as possessing a shared commonality of political fiscal institutions and intergovernmental structures and arrangements. Such dimensions emerged during the coding, and thus gravitated in to the development of what is now being referenced in the abstract as the Relationships reform cluster.

Depicted in Table 7, the following reform themes emerged from state commissions to give substance to the Relationships cluster as an overarching reform typology. They serve to structure the subsequent discussion in this section: intergovernmental relations, subdivided into three dimensions of state-local and intra-state relations, inter-state relationships and partnerships, and mandate and regulatory reform from the state government level; fiscal federalism and intergovernmental transfers; number of local political subdivisions within states; state budgeting and fiscal management institutions and processes; and revenues.
Intergovernmental Relations (IGR)

Changing aspects and features of state government’s intergovernmental relationships up, down and within the federalist structure emerged as a common denominator that thematically tied many commission efforts for reorganizing state governments in the recession and post-recession period. States find themselves placed squarely in the center of the federal-state-local federalist system, with reform themes found within the reports largely recognizing this unique institutional placement within our federalist organization of government. The intergovernmental relationship between the state and federal government as well as that of state and local
governments and subdivisions below the state level were targeted for reform. From an IGR reform perspective, substantive reforms further focused on a few key components of IGR: state-local, intra-state, and inter-state relationships and partnerships for improving systems and process of intergovernmental public administration and management; mandate and regulatory reform and concerns affecting both state governments and political subdivisions below state level; and the number of local political subdivisions incorporated within states.

**IGR: State-Local and Intra-State**

State-local or intra-state reforms were characteristically focused on improving coordinating, complementary, and collaborating relationships between state and local political institutions across a number of administrative institutional arrangements or within the bureaucratic apparatus of agencies and departments at the state level. Trends and themes as it relates to IGR reforms from an intra-state dimension included state legislatures altering authorities and structures of local officials and governments, state oversight functions of local governments, and concerns regarding the technical capacity at the sub-state level. Thirteen states in total sought to change aspects of their intergovernmental relationships between either local political subdivisions or within state government executive, judicial, and legislative branches. It is important to note that reform themes are being presented within a model of networked ecosystems, whereby institutions of state government include: its public employee workforce, its political structures and relationships, and its institutional processes for public administration, management, and implementation of programs overlap. In many instances, reforms are interconnected, affecting multiple aspects of the public workforce, political, and institutional processes.
In terms of review and oversight as a reform theme within state-local IGR, Missouri (2011), Nebraska (2010), Texas (2011), and Virginia (2011) targeted state audit and oversight functions of local governments, subdivisions, and departments or programs within the state. Whereas Missouri, Texas, and Virginia’s commission champions increased oversight responsibilities by state government, Nebraska’s (2010) commission put forth a proposal calling for decreased oversight duties. Missouri (2011) recommended increasing state monitoring of school district fund-balances to ensure fiscal integrity within K-12 educational service delivery. Texas (2011), as a matter of increased oversight, sought amendments to the state’s tax code to give the Comptroller of Public Accounts more explicit authority and responsibility to evaluate economic impacts of projects proposed at local and state levels. In Virginia (2011), strengthening the internal audit ability of its Department of Social Services was a focus. Illustrating the intergovernmental dimension of this reform effort by Virginia, the state, in an audit of twelve localities of its adoption assistance payments, found $10 million of expenditures that could be charged to federal funding streams (Virginia, 2011). Reforms to strengthen its audit capacity within certain social service programs at the state level incorporates both political IGR components as well as that of fiscal federalism and intergovernmental transfers to achieve costs savings in Virginia.

Nebraska, alternatively, wanted to eliminate statutory language that allowed the state’s Auditor of Public Accounts at their discretion. With responsibility for auditing county offices, emergency service units, and local political subdivisions that receive general fund dollars from the state, the cost of audits are charged to the entity being audited. To achieve cost savings, the Nebraska (2010) commission instead recommended language in which audits of political subdivisions would be made contingent upon their request, or when a petition is signed by at
least 10% of residents in the political subdivisions an audit be conducted. Though a seemingly minor change in the law, it is a reform that would nonetheless provide general fund savings to local government budgets. It is yet one more example demonstrating the extent to which state commissions undertook comprehensive reviews of the entirety of state government costs in an economic environment of austere fiscal challenges to government budgets.

Accountability was a reoccurring value found in many of the IGR reforms championed by commissions. A new compact between the Oregon University System and the state was offered by Oregon’s (2010) commission. The purpose of the compact was to strengthen accountability of the university system to the state by requiring multi-year plans built around clearly delineated performance expectations established by the Oregon state Board of Higher Education.

Altering the authorities of local governments and officials was another hallmark of reforms categorized within the sub-cluster of state-local IGR. For example, Indiana (2007) proposed changes to its statutes that would allow only elected officials to hold taxing and debt authority. This reform was advanced along accountability concerns, as the commission noted what it saw as too many appointed boards and individuals as having fiscal power, and thus outside the direct control of voters. Further reinforcing an accountability meme, Indiana (2007) also sought to inject both fairness and equity values along with accountability in its proposal to require school corporation bonds be approved by the fiscal body of the municipality or county government containing the highest proportion of assessed property values within the school district, since they would bear the greatest fiscal burden in repayment of the bond. Increasing the tax authority of local units for services above or beyond the base-level services all local units provided was supported in Michigan (2009).
With respects to roles, responsibilities, and organization of local governments, commissions sought to make efficiency improvements in this state-local IGR dimension as well. Here again, Indiana’s commission put forth a number of reforms to reorganize the responsibility and structural components of local political subdivisions within the state. Regarding counties, Indiana (2007) proposed establishing a single-person elected county chief executive and single, unified legislative body for county government. Responsibility for administering duties of the county auditor, treasurer, recorder, assessor, surveyor, sheriff, and coroner would be transferred to this newly proposed county executive. Minimum professional qualifications and standards would be established for certain identified county administrative functions. Under the proposals, townships too, would have all present responsibilities transferred to the county executive, to include emergency services, assessment, anti-poverty programs, and fire protection currently being administered by townships. In Texas (2011), amendments to the tax code were put forth that would realign responsibilities and roles of the state and school districts under the state’s Economic Development Act. While not specifically outlined in the report, the amendments offered by the commission would be done so with the intent of achieving greater effectiveness in the program, preserve taxing autonomy of state and districts, respectively, and ensuring increased consideration of fiscal impact to the state for decisions made by the local school districts. Texas (2011) also explored strategies that would ensure increased transparency of the state’s constitutional debt limit, with future reforms to be presented to strengthen local government debt transparency as well. Reference in the Texas report on local government debt transparency is noteworthy, as it raises awareness of an area in which future reforms may be made to provide citizens opportunities to be better and more easily informed regarding outstanding debt and issuances within their local jurisdictions. Given the context of the fiscal
environment in which state reform commissions were chartered, the costs of current borrowing will have on future fiscal budgets is not discounted in Texas’ reform effort.

To improve efficiency and performance in operations, the issue of technical capacity and expertise at the local level and across the spectrum of various politically incorporated entities within states were broached in the reform commission efforts for reorganizing state and local government structures. Most notably was the Indiana commission, which recognized and explored ways state government could provide assistance to local governments in supporting, encouraging, and implementing them with their own reform and efficiency initiatives to streamline government. Specifically, the commission noted:

It is imperative that the state develop a system of technical assistance and monitoring to ensure sustained implementation of local government reform, and that the state provide incentives and rewards for local governments that continually collaborate, innovate and improve efficiency and effectiveness. (Indiana, 2007, p. 12)

Concerns regarding technical capacity and overburdening of local government political subdivisions with significantly less resources when compared to the state level also prompted many reforms from commissions concerning efforts at increasing intergovernmental coordination. Oregon (2010), Pennsylvania (2010), Tennessee (2012), and Washington (2010) explored the issue of state-local relations, focusing on issues of control, coordination, and policy areas for partnering. Such consolidation efforts overlap across both political boundaries as well as have implications for processes in terms of the implementation and administration of public programs and services. While initiatives to merge, consolidate, and reorganize mechanisms for the delivery of government programs are covered more in depth under the Processes cluster, elements of this reform characteristic can also be found within IGR reforms.
Oregon (2010) recommended the creation of a state-county planning council to create regional service delivery structures jointly financed and serviced by county government and the state. In addition to realigning county government, for example proposing to eliminate the position of jury commissioner in Pennsylvania, the state’s commission also saw merit in attempts to implement uniform, centralized business practices on the state level for school districts to follow, and encouraging countywide Intermediate Unit cooperation for K-12 education services (Pennsylvania, 2010).

In Tennessee (2012), the commission specifically noted attempts to increase outreach and communication by the state to local governments, particularly with respects to its environment and conservation programs. Efforts to improve communication and outreach to local governments in Tennessee were viewed through a public governance value of efficiency and the prism of economic and community development imperatives to strengthen the state’s economic growth and job creation.

Within state government, Tennessee’s (2012) commission looked to strengthen strategic partnerships across departments between education and economic and community development, allowing the state to better address needs of employers and leverage labor market data to enhance funding opportunities that align with strategic economic goals. Vermont (2010) recommended collaboration between the state’s lottery commission and parks, forest, and recreation department to develop mutually beneficial products and cross-promotional opportunities with local-based enterprises.

Washington’s (2010) commission debated state versus local control in the area of K-12 education. Some of the reforms contemplated would drastically alter the political dynamic of intergovernmental relationships between Washington State and its school districts. With state
control, Washington would focus on consolidation and use a master contract for all teachers. School facilities would also come under the jurisdiction of the state, and local levies would fund extracurricular activities only. With local control, however, funding would follow students directly as opposed to funding now that is currently weighted towards particular needs. A school district could possibly lose funds if it failed to meet certain performance requirements set by the state. Parents would be offered a degree of school choice, having to notifying the state in May so that teacher staffing decisions could be made in time for the next school year. Thus, the debate over possible education reforms would alter the IGR landscape for education within Washington.

Policy areas most frequently targeted for increased intergovernmental coordination between states and local subdivisions of government included human services, public safety, corrections and criminal justice, education, and emergency services. As evidenced above, reforms presented under the specter of state-local and intra-state IGR concerning education were advanced in Missouri, Oregon, Pennsylvania, Texas, and Washington. Corrections, courts and criminal justice systems were another policy area of focus common throughout commission’s IGR reforms within the state-local dimension. Pennsylvania (2010) proposed a county court run program for punishing probation violations. Because the system envisioned would be county run, savings would be realized to the state’s general fund. Utilizing best practices currently being implemented at the local level in the Local Jail Resources Offices, Tennessee (2012) saw potential to make better use of limited resources and reduce recidivism by better preparing offenders when they are released. Development and implementation of a strategic plan for managing prison populations was offered in Utah (2010). Its goal would be to maximize use of state and local resources through better coordination between the state, counties, and private enterprises within Utah. A unified court and penal system was to be investigated in Washington.
Its goals, as put forth by the commission, included better alignment of public safety services across cities, counties, and the state to eliminate redundancies in the current system, improving cost effectiveness, and increased coordination between local and state law enforcement.

Finally, better intergovernmental information sharing was an emphasis of state-local and intra-state IGR reforms. Human services and public welfare and assistance were programs where increased intergovernmental coordination could be realized. County assistance offices are relied upon in many states as a service delivery point, with data sharing between state agencies and county departments essential to preventing fraudulent payments within the program. Pennsylvania (2010), Texas (2011), and Wisconsin (2012) all sought out reforms that would improve state level interagency and intergovernmental state-local data sharing and reporting to ensure program integrity, effectiveness, and subsequent savings to state’s general fund.

As a reform theme in the Relationships dimension, intra-state and state-local intergovernmental arrangements were targeted throughout a number of policy areas and state-political subdivision arrangements. State reform commissions, in their push to identify savings, looked at ways to increase intergovernmental coordination and collaboration through statutory changes to roles, responsibilities, and authorities of local governments in addition to reorganization of service delivery mechanisms across political divisions to achieving greater efficiency, accountability, and transparency in program implementation.

**IGR: Inter-State**

Building from the discussion of themes identified in the intergovernmental relationships of intra-state and state-local reforms, commissions saw value in inter-state cooperation and collaboration efforts for achieving public administration and management efficiency and
accountability gains. Oregon’s (2010) Governor’s Reset Cabinet cited its participation in an already established and functioning four-state technology (IT) partnership for its human services information technology (IT) system as a model to replicate elsewhere within the state’s government programs and policy areas. In assessing the drive behind inter-state intergovernmental partnerships, particularly within the realm of IT, collaboratively built IT systems avoid the traditional silos approach to both funding and implementation of programs via systems and processes. Stand-alone systems cannot share data as effectively, and are historically more costly to staff and maintain. Developing IT systems based on cloud computing architecture avoids isolation of the systems in terms of data sharing, and prevents duplicative costs involved with its maintenance. Services provided in such shared, inter-state systems allows easier tracking of applicants and services, better quality assurance and program integrity through credentialing, ultimately aiding the fight in detecting fraud and abuse from within the program. As IT advances make the implementation of system systems easier and more cost-effective in the long run, opportunities for inter-state IT consortiums will most likely increase. The fact that some states have already realized its value suggests such reforms and initiatives will be increasingly commonplace in the future as fiscal challenges continue to confront state governments and budgets.

Five states either championed recommendation that crossed state political boundaries in the implementation of systems for delivering public programs and policies, or sought to bolster already ongoing inter-state partnerships of data and service sharing. Most common were joint, inter-state initiatives in the areas of state information technology systems, information sharing, and purchasing functions. Specific proposals emanating from state commission include the following:

- Iowa (2010): Explore inter-state purchasing opportunities.

- Oregon (2010): Work towards expanding efforts at interoperable IT systems that interface across agencies, programs and states.

- Pennsylvania (2010): Enter into information sharing agreements with surrounding states to buttress fraud detection and program integrity. A Northeast information sharing agreement would make available data on assistance applicants, employment information, unemployment compensation claims and wage history cross states to prevent fraud or abuse of public welfare and assistance programs.

- Tennessee (2012): (1) Partner with the state of Colorado to streamline administrative paperwork requirements required of teachers at the federal, state, and local levels. (2) In the policy area of education, as a member of the Partnership for Assessment of Reading for Colleges and Careers state consortium, ensure the state is ready for the transition to new common core assessments in 2014. (3) Match data and manage lien processes within the state’s child support program by better utilizing the Interstate Data Exchange Consortium.

**IGR: Mandate and Regulatory Reform**

Issues of mandates and regulatory reform coalesced to represent a third major trend within the larger theme of intergovernmental relations. In a federal system, perhaps no other issue but intergovernmental transfers garners more attention than that of mandates and their political interplay across levels of government and state subdivisions. Not surprisingly, then,
mandates and regulatory reform would be addressed by state commissions in their push to reorganize, redesign, and restructure state government operations. The research found that seven state commissions championed mandate and regulatory reform: Illinois (2009), Ohio (2010), Tennessee (2012), Utah (2010), Vermont (2010), Virginia (2011), and Washington (2010). While all seven of the states focused on reforms that would address mandates and regulations imposed at the state level, two of the states – Tennessee and Virginia – also voiced concern for the impact of mandates and regulations imposed at the federal level onto states; not that the commissions could enact any meaningful legislation to escape such mandates being imposed. Virginia’s commission, nonetheless, included a lengthy discussion of reform attempts at the federal level, and Congress’ 1997 Unfunded Mandates Reform Act. Specifically, it recommended that the state’s governor request the National Governors Association support reform of the 1997 Unfunded Mandates Reform Act. Reforms sought by Virginia’s (2011) commission, with respect to federal mandates, were six-fold:

1. Prohibit federal mandates unless fully funded;
2. Require mandates, when enacted, be premised on a clear description of the outcome to be achieved;
3. Funding for mandates be in the form of a block grant to each state with a prohibition on the funds being used for any other purpose than the outcome described;
4. Individual states be free to determine the processes and procedures by which the outcome will be achieved;
5. That all mandates be subject to the provisions of this act; and

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4. Individual states be free to determine the processes and procedures by which the outcome will be achieved;
5. That all mandates be subject to the provisions of this act; and
6. Any future diminished federal funding will diminish the coverage of the mandate policy.

Unclear from the commission’s report, however, is whether such a philosophy towards mandates imposed at the federal level on states mirrored Virginia’s own system of mandates and regulations being imposed or recommended for change at the state level on local governments and businesses within the commonwealth.

With respects to state reform commissions, mandates and regulations both possess a shared commonality in that they were seen as direct impediments to the efficiency, streamlining, and performance enhancing efforts being undertaken by the reform committees. Thus, states focusing on altering both their mandate and regulatory regimes did so from the perspective of easing the state’s burden on businesses and local governments. Mandate and regulatory relief were the overriding direction towards which state government study groups targeted their reforms.

In the bluntest of terms, Illinois’ Taxpayer Action Board committee labeled mandates, particularly those that are either underfunded or partially funded, as “one of the largest contributors to inefficiency within the state” (2009, p. 80). And though it acknowledged many mandates may serve a useful purpose towards achieving a particular policy objective, the fiscal milieu of today’s budget and economic realities do not always justify the burden which they accrue on political subdivisions. Not only was mandate relief cited as a priority of its reform efforts, but so too was a push to implement sunset provisions on all current and future mandates. Incorporating sunset provisions into mandate legislation would ensure those that moved away from their original intent over time would be automatically retired. As a mechanism for ensuring accountability, sunsetting was seen by Illinois (2009) as a means for balancing the need for state
government to impose certain rules in a specific policy area yet also maintain alignment of those rules with their intended purposes, thus avoiding any unintended consequences that may arise with the passage of time.

Proposals by states to advance mandate and regulatory relief also found significant justification in citing their ability to adversely impact economic development and growth. The cost of mandates, whether funded or unfunded, on businesses or local governments was anathema to many of the commissions seeking to alter regulatory structures with their states. Simply put, commissions felt mandates ran counter to the cost-savings missions they embarked upon with their study efforts. Ohio (2010), Tennessee (2012), Utah (2010), and Virginia (2011) all viewed mandates and regulations through a spectrum of costs that siphoned from general fund appropriations or represented roadblocks to business growth and development. Comprehensive reviews of regulations and mandates were pressed in all four of those states, with Virginia’s approach perhaps the most aggressive. There, the commission proposed a comprehensive review be undertaken prior to any industry becoming regulated, and a five-year moratorium on the regulation of any new professions within the commonwealth (Virginia, 2011). Virginia’s commission further recommended that regulatory relief be a top priority by its governor in 2012.

Regulatory and mandate relief, indeed, was viewed as a major contributor to fostering a more business-friendly economic climate. Utah (2010), in this vein, also sought to improve the coordination of its regulatory processes of businesses. Consolidating regulatory services and eliminating requirements that led to duplicate site visits were further viewed as striking a balance in terms of providing state oversight of certain business activities yet easing the burden on the company’s ability to operate more efficiently in the economy. Vermont’s recommendations concerning mandate and regulatory reform echoed the approach taken in Utah in terms of better
coordination and collaboration between the state and those entities subject to regulatory requirements. Their strategy, however, incorporated increased awareness and information campaigns as well as improvements to systems for managing regulatory processes, such as online filing and permitting for businesses. Cost-effective yet also “user-friendly” was the two-tiered approach to tackling regulatory reform in Vermont (2010). Providing for more transparent decision-making and encouraging citizen understanding and participation in the regulatory process were all advanced as features of any reforms to be implemented.

In the context of the economic and fiscal challenges facing states, mandates and regulations were a focus of reform commissions. States often cited their costs to local governments and ability to negatively impact to business and economic growth and development as the major impetus with which changes were advanced. In all seven of the state commission offering mandate and regulatory reform, each sought to reduce their cost and burden to local governments and businesses.

**IGR: Number of Local Political Subdivisions**

Considered creatures of state legislatures, local political subdivisions are legislatively incorporated and exist with authorities and powers only to the extent established by state governments. Initiatives that focused on reducing or consolidating the number of political subdivisions was the final theme to emerge under the specter of intergovernmental reforms put forth by state commissions.

Recognized as growing increasingly unsustainable given the current status of both state resources and tax bases at the local level, the states of Illinois (2009), Indiana (2007), Michigan (2009), Missouri (2011), New Mexico (2010), Oregon (2010), and Vermont (2010) sought out ways for shrinking the number of political subdivisions. This initiative particularly targeted
school districts and entities incorporated for administering higher education services through state university systems.

Illinois supports 870 separate school districts. Vermont has over 280 school boards with more than 1,480 members across its 246 towns to serve approximately 92,000 students. Reducing the number of school districts through elimination, merger, and consolidation was offered both as a means to increase quality of educational opportunities for students while simultaneously decreasing associated administrative costs involved with the bureaucracy that has evolved for the delivery of K-12 education. Indiana (2007) submitted reforms to reduce the number of school districts, setting a minimum student population target of 2,000 per school district in its reorganization push. Michigan (2009), Missouri (2011), New Mexico (2010) too sought cost reductions by consolidating school districts in their state reports.

Though school districts were not specifically referenced by the Governor’s Reset Cabinet in Oregon, the state’s education service district which provides K-12 education services to school districts was. Oregon (2010) proposed reorganizing its current educational service district system, dissolving the existing structure for a smaller, regionalized footprint approach of coordinated and shared services to districts. Also within the education sphere, New Mexico (2010) with respects to higher education recommended reducing its number of state institutions of higher education.

In addition to school districts or education-related subdivisions, both Indiana and Missouri pursued ways to achieve reductions in the number of local governments. Missouri (2011) sought consolidation of its counties, prosecutor and courts systems, while Indiana (2007) looked to reduce local units of governments and the officials associated with service delivery. Their reported cited nearly 11,000 elected officials for 2,700 local governmental units with tax
levying powers existing throughout the state of Indiana. Though discussion centered on efforts to expand voluntary coordination and consolidation of its local governmental units and services, the Indiana commission at the same time broached the idea of strengthening the power of voters to compel consolidation.

Reforms that were characteristically connected to IGR signaled a major sub-component of the larger typology of the Relationships reform theme. To give it added texture and policy substance, IGR-related reforms emerging from state commissions were further subdivided across aspects of state-local and intra-state relationships, inter-state initiatives and partnerships, mandate and regulatory reform, and reduction in the number of local political subdivisions. The research suggests that as states navigate the fiscal challenges of the recession, restructuring relationships and building partnerships across political boundaries represent avenues for states to achieve costs savings through more efficient, accountable, and effective institutions of public program and service delivery.

**Fiscal Federalism**

Fiscal federalism as a reform sub-theme within Relationships represent state commission’s recognition of the integral part such intergovernmental transfers from the federal to state governments has in the budget process. An institutional feature of state budgeting, fiscal federalism was a feature of reforms emanating from state commissions to help grapple with the fiscal challenges wrought upon states by the recession. As previously discussed in chapter two, the American Recovery and Reinvestment Act passed by Congress in 2009 was specifically designed to provide economic stimulus to states by the federal government. Thus, the importance of fiscal federalism and its presence as a reform theme in the context of reform commissions in the years following the 2007 financial crisis and recession is not surprising, and lends greater
credence to the notion that states, through their reform efforts, looked at the whole of state government operations to meet the fiscal challenges of the economic downturn. This argument is bolstered by the Texas report, which took special note of the importance of federal funds to state budgets. In it was a discussion of the myriad of benefits and relief gained by the state of Texas in terms intergovernmental transfers via ARRA to help combat the economy’s recessionary pressures by providing counter-cyclical stimulus support as its budgets shrank.

Reforms coded as fiscal federalism are those that focused on the system of intergovernmental transfers from the federal to state and local governments, and by and large, recommendations consisted of proposals to bolster state’s shares of federal funds across the spectrum of public programs. Reform efforts by commissions that affected the devolution of funds within state to local governments, or across agencies and departments, will be discussed under state budgeting and fiscal management as a reform theme of the Relationships cluster.

Upon coding commission reforms, a number of conclusions emerge as it relates to the theme of intergovernmental transfers and fiscal federalism. First, states recognized the importance of federal funding and intergovernmental transfers, and aggressively proposed legislative and program changes at the state level that would allow increase the state’s share of federal dollars for that program. Colorado (2008), Hawaii (2011), Illinois (2009), Louisiana (2010), Nevada (2010) and Ohio (2010) sought to make changes to certain aspects of state eligibility rules and policies that would enable the state to maximize its share of federal matching funds for health and human service-oriented programs. Changing program rules at the state level that would reduce costs to its general fund yet not result in lost fund transfers from the federal government because of the program changes was another common goal of commissions, particularly in Michigan regarding the Medicaid program.
Program cuts that meant decreased federal funding underscored the balance state commissions worked to achieve in its recommendations related to fiscal federalism. And where increased federal funds were not available, state commissions proposed that waivers should be sought by the state to the federal government to allow a loosening of eligibility rules or other program requirements. Reflective of the interconnectedness of many of the reform themes enumerated within the research’s findings, this effort is related to the previous discussion of mandates. For states, the dimension of fiscal federalism presented opportunities for commissions to explore ways to bolster general funds through intergovernmental transfers. At the same time, however, it also meant increased focus on the funding impact and overall fiscal burden to state government revenues for implementing certain public programs, especially in the area of healthcare.

In Nebraska (2010), a lack of federal funding provided reason for its commission to nominate programs for elimination. Tuition credit reimbursement for National Guard members, the Nebraska Railway Council, and the state’s railroad inspection program were all targeted for elimination due to the fact that the programs were no longer funded at the federal level.

In addition to healthcare policy and programs states, with respects to maximizing their share of federal funds, also focused on the policy area of transportation. Money for the construction and maintenance of highways and bridges was found in both the Texas (2011) and Missouri (2011) reports. Specifically, Missouri’s (2011) recommendation entailed fixing an existing gap with its current Driving While Intoxicated (DWI) laws. Thus, the recommendation was to ensure compliance with federal law in order to direct federal funds to the state’s highway fund.
Increased capacity in terms of state government’s ability to obtain and better manage federal grants and funding was the third defining feature of fiscal federalism reforms to emerge from state reports. Commissions in Nevada (2010), New Mexico (2010), Ohio (2010), Tennessee (2012), Texas (2011), and Virginia (2011) recommended increasing their intergovernmental expertise and capacity by constructing better grant management systems and processes in order to obtain increases in federal grants or ensure maximization of federal matching funds and intergovernmental transfers currently being received. The assessment with respects to the state’s ability to pursue and receive federal grants was especially harsh, citing the need to change what it characterized as a lackadaisical attitude by public employees and Nevada officials to pursue federal grant funds for which the state is eligible (Nevada, 2010). The commission noted that Nevada is last in the nation, having disadvantaged itself out of millions of dollars due to lack of a strategic and managed focus on federal intergovernmental funding opportunities (Nevada, 2010). Both Nevada (2010) and Virginia (2011) broached the idea of bringing in grant writers or experts with specialized experience in dealing with intergovernmental transfers to better assist the state with its management of federal grants and funding rules.

In total, fourteen of the thirty three state commission reports included in the research offered reform with a theme that was characterized by fiscal federalism. Exploring options to increase states’ share of federal funds, ensure maximization of federal matching funds currently being received, and bolstering technical expertise and capacity to better manage federal funding opportunities through grants and intergovernmental transfers at the state level were three key hallmarks that provided texture to fiscal federalism as a reform theme of state commissions in the study.
State Budgeting and Fiscal Management

The discussion of state budgeting and fiscal management reforms of state commissions is organized into three sub-categories: budget processes, state-inter fund and inter-agency, and intra-state and state-local. Budget processes as a dimension of reform explored themes found in the state proposals for changing budgeting mechanisms and systems, while the sub-categories of state-inter fund and state-local identifies trends by states in terms of how resources were allocated across public programs areas, agencies, funds, and local governments.

Budget Process

Ten states offered recommendations to change their budgeting process. Focus on budget processes reflects the extent to which fiscal challenges confronted states from 2007 to 2012, serving to drive the agenda in many statehouses across the country. Adoption of budgeting for outcomes and program budgeting systems were most common, with a number of states proposing such budgeting mechanisms or variants thereof. In the area of K-12 education policy, a concept termed student-based budgeting was also championed by two states: Arizona and Louisiana.

Budgeting for outcomes was the budget process recommended by the Arizona (2011) commission, articulated as a hybrid of performance and zero-based budgeting. In advancing a budgeting for outcomes process, Arizona (2011) cited an increased focus on fairness, equity, transparency, performance, and accountability due to the elimination of baselines. Minnesota (2010) also championed adoption of budgeting for outcomes, noting its attractiveness from a policy perspective for its non-incremental approach from fiscal year to year commonly associated with traditional budgeting processes.
Program-specific or program budgeting was put forth in Nevada (2010) and Ohio (2010). Program-specific budgeting entailed a review of all spending, revenue-sharing, and money transfers to determine what should be trimmed, eliminated, or bolstered. In addition to program budgeting, Nevada (2010) recommended a method be established for setting funding priorities based on various revenue scenarios for the fiscal year.

Performance based-budgeting was already being implemented within Tennessee; however, given its resource-intensive effort each year, the commission noted a need to evaluate the effectiveness of the system. The Tennessee (2012) report noted:

Although well-intentioned, the effort to produce the annual Performance-Based Budget is very resource-intensive for the Budget Division and agency staffs. The process includes relatively arbitrary rules and requirements and is not seen as a meaningful exercise. The review and assessment should seek to determine the information that is most meaningful for key stakeholders and that compliments the Governor’s Budget Recommendation. (p. 40)

Missouri (2011) sought to implement a biennial budget that would authorize state agencies the ability to carry over funding from one fiscal year to the next. Automatic increases in the state budget were called upon for further examination.

Michigan modeled its budget reforms off of the “pay-go” mechanism currently in place at the federal level. Such a “pay-as-you-go” system was attractive to the Michigan committee for its ability to ensure future spending commitments made by the state would be required to be offset by accompanying spending reductions of new tax revenues. Procedural changes to include fiscal impact statements, annual or biennial long-term fiscal forecasts, and annual reporting of
one-time revenue sources or shifts to balance budgets were further offered to bring increased transparency and accountability to the state’s current fiscal management and budget systems.

Oregon’s (2010) budget reforms were threefold. First, it recommended implementing long-term, multi-biennia budget projections to better inform budget decisions. Second, adapt a form of priority-based budgeting to allow for better decision-making during economic downturns. And third, modify the governor’s budget reduction authority to allow for targeted reductions. Referencing both lawmakers and public opposition to across-the-board spending cuts, the commission recommended specific statutory changes unique to Oregon law should be made to allow for prioritization among programs. This would allow for making the spending cuts required when revenue projections fall short of expectations during the budget process, causing the state to have an impending budget deficit.

Finally, recommendations for changes to budgeting systems were most often couched from a performance, accountability, transparency, and efficiency perspective by state commissions.

**Inter-Fund Transfers**

Reforms seeking to alter the processes and mechanisms by which general to special and special to general fund transfers could take place were common, as were legislative proposals to recoup increased dollars from special fund revenue streams to the general fund to firm up the fiscal soundness of the general fund. Eleven state reform commissions sought to affect change regarding inter-fund transfers.

Delaware (2009) identified $472,000 of indirect costs to the general fund dollars that could be recovered by properly assessing special-funded agencies charges for central services received.
Florida (2011) recommended its state fair authority become fully responsible for operating the annual Florida State Fair, and the provision of special assistance services eliminated.

Texas (2011) too sought to recoup general fund to special fund payments by eliminating the statutory legislation which authorized it.

Georgia (2010) and Nebraska (2010) focused on ensuring lottery fund revenues be transferred back to general and/or special-purpose funds as enacted by the respective legislatures of each state. In both states, lottery revenues are remitted to the state for education purposes. Michigan’s (2009) focus was on education too with its inter-fund reforms, recommending $300 million in the state’s school aid fund be redirected towards community college funding to realize general fund savings.

Maine (2011) proposed changing fund allocation formulas between its general fund and special purpose funds to support hiring efforts in the attorney general’s office and for mental health and retardation caseworkers.

Maryland’s (2009) reforms attempted to deal with the current economic downturn through a number of special fund-to-general fund transfers. Not only were fund balances to be redirected from various special programs to the general fund, to include an expected $129 million in anticipated corporate tax payments, but also a call to transfer monies in the rainy-day fund in excess of 5% of general fund revenues to the general fund.

Finally, with respects to inter-fund transfers as a reform theme of budgeting and fiscal management, both Utah (2010) and Vermont (2010) sought to bolster their general fund through increasing sales at their liquor and wine stores.
It is unclear from the level of detail offered by commission recommendations regarding the inter-fund reforms identified whether they will take a “band-aid” approach or represent truly structural changes ensuring the integrity of the state’s fiscal architecture in years to come. Certainly the reforms of a few states suggest some commissions were more forward looking in their proposals than others. Most notable would be Louisiana (2010), which advanced the sunsetting of all special funds. References to inter-state fund reforms by eleven state efficiency and reform committee are nonetheless illustrative of an emergent commonality and shared outlook towards redesigning state government operations.

**State-Local**

States’ specific efforts concerning fiscal federalism between the federal and state government were previously delineated. Thus, the following discussion centers on reforms advanced by state reform commissions addressing intergovernmental transfers from state to local governments. Like the federal government, states too seek to use funding as a means to achieve certain state level policy goals. As is common in fiscal federalism, devolution of funds assists lower level political subdivisions with the implementation of policy; however, the flow of funds and intergovernmental transfers is often contingent upon delivery and implementation of programs. Certain characteristics that are desired by higher-order governments, such as eligibility rules and requirements, are required. States advanced reforms within their commissions that used both the withholding of funds or more stringent reporting standards by fund at the local level to achieve state level policy goals and balance budgets through prioritization of resources.

Commissions in Florida (2011) and Georgia (2010) contemplated reforms that make funding for school and education programs contingent on their ability to meet financial planning
and auditability standards set by the state legislature. In this regard, intergovernmental transfers from the state to local governments for education attempted to inject increased accountability and effective fund management as a condition for receiving additional monies. Other states also sought changes to the formulas used to distribute funds to local governments for schools and education programs. In Washington (2010), a proposal was offered to change the state funding formula as a means to exert pressure and leverage to toward consolidation of school districts and education programs.

Implementation of block grant funding was a common trend amongst commissions, advanced in Connecticut (2010) (higher education), Illinois (2009) (special education), Oregon (2010) (higher education and state’s university system) and Vermont (2010) (special education). Though not in the area of education policy but in the same vein of more stringent requirements as a condition of funding, Virginia (2011) sought to adopt principles of care coordination and require local government compliance in order to gain access to state funds.

Given the magnitude of the fiscal pressures and budget deficits confronting states in the wake of the 2007 financial crisis, many states were forced to reexamine the distribution of funds to local governments across a myriad of policy areas not only as a means for policy leverage, but as a fact of fiscal realities confronting state lawmakers in the budget process. Such attempts at restructuring and altering funding formulas and arrangements that go towards supporting local governments in the delivery of programs and services included the following:

- Maine (2011): Reduce grant funding to towns, cities, schools, and libraries for state historical society outreach endeavors.

- Minnesota (2010): To encourage implementation of the commission’s recommendations by local governments, provide for a funding mechanism that would establish return on service innovation fund. This fund would be used to make grant awards and other financial incentives to local government entities to incentivize the commission’s reform initiatives.

- Michigan (2009): Restructure constitutional and statutory revenue sharing, with total dollar amounts of revenue sharing guaranteed in the state’s Constitution, while the distribution formulas, legislatively determined, will be for specific, base-level services rendered by local governments (fire, police, road maintenance). The intent is to provide greater certainty to local units as to the funding to be received from the state for local services.

- Missouri (2011): Change the state’s foundation funding formula to school districts to ensure no school receives more than double of what it should receive through the formula, as well as removing a reimbursement incentive to counties that encouraged the transfer of offenders from county to state prisons.

- Nebraska (2010): 10% reduction in state aid for education; 10% reduction in state aid to municipalities; return fiscal responsibility for employees in the county court system back to counties; and zero-ize funding for revenue department aide to county governments for the state’s next biennium. Note that Nebraska’s commission published its reform study findings in December, 2010.
- Nevada (2010): Return full administrative and funding responsibility to counties for the state’s Senior Citizens Property Tax Assistance Program, with rebates funded at the county, not state level.

- Utah (2010): Require counties to cover the full cost of property tax audits. Utah’s committee projected this change would save the state approximately $200,000 annually.

- Virginia (2011): Redirect distribution of the portion of revenues used to support localities for implementation of the 911 public safety answering points program to the state’s tax department. The tax department would then be responsible for distributing revenues to local governments for carrying out 911 services based on funding formula developed by the department.

- Washington (2010): Better prioritize limited resources by tying local infrastructure grants and loan awards to major state policy priorities.

- Wisconsin (2012): Implement mechanisms within the grant approval process that require local government cost sharing and create competition for state funds. The commission also proposed a review of all grant awards by the state that have not been disbursed, and rescind the funding depending on circumstances surrounding its non-payout.

Of all the states that presented reforms associated with the state-local dimension of intergovernmental transfers, Indiana’s (2007) commission was the only one that recommend transferring funding responsibility of certain programs from the local to state level. This recommendation from Indiana called on the state to bear the funding burdens of its trial courts
system, to include public defenders and probation, in addition to moving funding of child welfare from the county to state level.

Adoption of block-grant funding approaches, cuts to local governments to close budget deficits at the state level, restructuring funding formulas, and the use of intergovernmental transfers to achieve state policy goals at the local level were defining characteristics of the state-local dimension of budget and fiscal management reforms. As products of state processes for budgeting, they served to bring substance and texture to the state-local dynamic of institutions of fiscal management.

The budget process and intergovernmental transfers from state to local governments represents a feature of states’ political institutions of fiscal management. State commissions thus offered a number of individual reforms that were subsequently categorized along budget processes, inter-fund transfers within the state, and state-local intergovernmental transfers, and signal a major component linking reform themes within the Relationships cluster used in modeling state redesign and reorganization efforts. Revenues are the final dimension within the Relationships reform cluster, with state commission trends concerning fees, taxes, and levies articulated in the following section.

Revenues

Given the emergence of state reform commissions in the context of an austere fiscal milieu, states looked for reforms that would generate additional revenues to general fund coffers. Thus, changes to states tax and revenue structures were commonplace, as were more innovative means for bolstering state fund balances through such efforts as the securitization, sale, and leasing of state-owned assets, imposition of user-fees over tax increases, and tax amnesty programs to entice tax delinquent filers to file returns without late penalties being assessed.
Fees and Taxes

A few key trends emerge under the specter of fee and tax reforms. The first to be discussed is tax amnesty programs. This emerged as a common trend amongst state reorganization and redesign commissions, with three states – Delaware (2009), Maryland (2009), and Ohio (2010) – proposing tax amnesty programs to induce late and absent filers from previous years to pay outstanding taxes due without penalty. Tax amnesty programs were viewed as one mechanism for bringing badly needed revenue into state treasuries in fiscal years following the recession.

A second trend under fee and tax reforms was states’ focusing on increasing revenue through enhanced collection efforts and ensuring tax code compliance. Injecting accountability and efficiency in to its tax systems, commissions in Connecticut (2010), Delaware (2009), Georgia (2010), Louisiana (2010), Missouri (2011), Texas (2011), Vermont (2010), and Wisconsin (2012) recommend measures for tax code compliance and enhanced collection efforts. Rather than enacting new or higher taxes, these states instead saw value in optimizing their collections of already existing taxes being levied within the state. Recommendations ranged from the hiring of additional staff to augment its tax and revenue agencies, to management improvements in the coordination, collaboration, and information sharing of tax collection systems, and increase audit analysis to identify delinquency of tax filers. Wisconsin’s (2012) commission also focused on targeted collection of court debts as well as tax delinquents.

Perhaps the most interesting trend offered by the commission as it relates to revenues structures, and specifically fees and taxes, were proposals by states to transform certain programs and services into self-funded agencies with full-cost recovery models sustained not by general fund appropriations, but through fees charged to the users of that service. States looking to
transition to self-funded, full-cost recovery models included: Arizona’s Department of Insurance (Arizona, 2011); Delaware’s Weights and Measures Section within the state Department of Agriculture, Alcohol Licensing services, and the state’s Sex Offender Notice program (Delaware, 2009); Florida’s dairy inspection program and the state’s Department of Agriculture and Consumer Services section for pesticide, motor vehicle repair shops, and weights and measures regulatory services (Florida, 2011); Louisiana, for unspecified government services provided throughout the state (Louisiana, 2010); Missouri’s Office of Public Council funded entirely through fees (Missouri, 2011); Nebraska, for its risk management agriculture program in addition to being explored for implementation for other yet unspecified governmental services (Nebraska, 2010); Nevada, for all state agencies that charge fees for services to ensure that fees collected cover full costs of providing the service (Nevada, 2010); Tennessee’s State Real-Estate Asset Management Sustainability Group and state parks operations (Tennessee, 2012); Texas’ Department of Agriculture’s Regulatory and Marketing programs (Texas, 2011); and Washington, for provision of certain services within its Natural Resources Department (Washington, 2010).

In addition to offering tax amnesty, stepping up revenue collection efforts, and self-funded agencies with full-cost recovery models for services provided, states in the aggregate focused on altering tax structures or implementing a myriad of fees, user charges, and fine increases across a number of policy areas and governmental service activities.

- Delaware (2009): fees on cultural services such as libraries, arts, archives, and museums.
- Georgia (2010): broaden sales tax base to include additional selected services not currently covered, and adjusting fees for governmental services that are not reflective of market changes or assessments levied by peer states.

- Iowa (2010): fees for obtaining printed versions of the Iowa Code when it is available in electronic format. Iowa further recommended implementation of a three year sunset provision on all state tax credits.

- Louisiana (2010): co-pays within its Medicaid program for certain emergency room treatments, and use of excess revenues being applied towards permanent tax cuts.

- Maine (2011): $2 transaction fee to provide funding for IT systems for child support services.

- Michigan (2009): Reintroduce prisoner phone charges, expected to save some $10 million per year for the state.

- Missouri (2011): Increase criminal fines; initiate countywide property reassessment; charter an optimal tax policy study committee to explore flat, fair, streamlined sales tax systems; close loopholes; reform tax credit programs; and fees for emergency medical technician and paramedic licensing.

- Nebraska (2010): Charge duplicate fee on licensing applicants to reflect additional administrative costs for drivers who fail and must return a second time; make statutory changes to the interest rates paid on overpayment of taxes and charged on underpayment of taxes for individuals and business filers.

- Ohio (2010): Revise the definition of independent contractors based on a February, 2009 Ohio Attorney General’s report on the economic impact of misclassified workers for state and local governments in Ohio. The state loses out on $233 million
in foregone state income tax revenue annually due to worker misclassification, and another $100 million in local income tax revenues to cities and towns.

- Texas (2011): Parking fees charged to employees using state parking facilities; assessing sales tax on remote vendors for online purchases; phasing out economic development tax refunds; and tying the state’s August sales tax holiday to budget conditions.

- Washington (2010): Expanded use of tolling and congestion pricing, and tuition and fee increases within state’s university system.

In summary, tax and fee reforms were largely patterned around four distinct features: tax amnesty programs, enhanced revenue collection and tax compliance efforts, self-funded agencies and cost-recovery models for certain government services, and changes to tax rates, systems, and fee structures across all policy areas and services. Nineteen of thirty-three state commissions targeting tax and fee reforms are suggestive of the extent to which states confronted mounting fiscal pressures in the years following the 2007 recession.

**Securitization, Sale, and Lease of State Owned Assets**

Eight states sought to use the sale or lease of assets to realize additional revenues for their general and special funds. Land, real-property, and mineral and oil rights encompassed the asset classes that states looked at selling to reduce their costs of ownership or stewardship while at the same time firm-up general fund balances with outside revenue sources.

In California (2009), revenues from the sale of new oil leases would be used fourfold: pay off debt, lower taxes, one-time infrastructure spending, and rebuild the state’s rainy-day fund.
In addition to selling mineral extraction and oil drilling rights on state-owned lands, Ohio further broached the idea of securitizing certain state assets for possible leasing options. Noting the state’s previous success in securitizing its tobacco master settlement revenue stream, Ohio (2010) noted that other states have securitized such assets as roadways, concession sales, lotteries, revenue streams in the forms of fees and taxes, long-term leases of state-owned buildings and lands. While securitization of assets was floated as an option, Ohio’s (2010) report conceded that any securitization plan during the current recessionary economic climate would most likely result in a significant undervaluation of the asset.

Nevada (2010) targeted both mineral rights and state real property assets for sale. However, it recognized that it first needed to conduct a comprehensive inventory of all assets – mineral, water, real-property, and land – before it could proceed with a more detailed plan as a master inventory was currently lacking within the state.

Illinois (2009), Oklahoma (2011), Tennessee (2012), and Wisconsin (2012) sought to sell underutilized or surplus property and land.

Wisconsin saw the sale of unneeded state land within its transportation and natural resources departments as a potential source of revenue. In fact, the state frequently looks to offload excess parcels of property that remain following completion of a highway project. Sale of property within the transportation department is a continuous effort in Wisconsin. Acreage owned at the time of the commission released its report in January, 2012, totaled over 2,100 acres, with an estimated appraised value over $10.394 million (Wisconsin, 2012). Since 1990, the Wisconsin Department of Transportation has sold over $39 million in surplus land (Wisconsin, 2012). More recently, in fiscal year 2011, Wisconsin received over $1.9 million from the sale of excess property (Wisconsin, 2012).
Texas’ (2011) committee proposed exploring lease options for state owned parking spaces in state parking garages. Groups the commission saw as most likely consumers of such leasing options included private motorists, institutions of higher education, and local governments.

Revenues as a sub-theme of the Relationships cluster was defined by state efforts to securitize or and sell state assets in addition to a myriad of structural, management, and statutory changes to fee and tax systems. Selling and securitizing assets provided some states with additional revenue sources. Similarly, state commissions largely avoided recommending tax hikes, favoring instead to increase revenues using alternate methods to include fee increases, implementation of self-recovery costs models for agencies and government services, enhanced tax collection and compliance measures, and tax amnesty programs.

Summary: State Reforms Themes and Trends (Relationships)

Reforms captured and presented underneath the Relationships cluster were done so given a shared political and institutional commonality towards the systems and processes from which these recommendations were targeted. Reforms offered by state efficiency commissions affecting political relationships and institutions were defined along the following traits: intergovernmental relations, consisting of four separate dimensions of state-local and intra-state relations, inter-state partnerships, mandate and regulatory reform, and number of local political subdivisions; fiscal federalism; state budgeting and fiscal management, illustrated by budget processes, inter-fund transfers, and state-local intergovernmental transfers; and revenues, articulated by initiatives calling for the securitization or sale of state assets and structural changes to fee and tax systems. As they emerged in the coding, each theme was discussed in turn as
topical policy and political aspects within state government that were targeted for mutability and restructuring by various state commissions.

The research suggests that changes to tax and fees structures were most frequently referenced by commissions for reform, with nineteen states offering change recommendations. Approaches to taxes and fees entailed stepped up tax compliance and collection efforts, increased fee structures, restructuring of tax rates and systems, and the adoption of self-funded agencies and full-cost recovery for certain government services. Restructuring intergovernmental transfers from the state to local governments through state budget processes was the second most cited target by reform commissions, followed by proposals that were characterized as fiscal federalism and intergovernmental transfers from the federal to state governments. State commission proposals concerning state intergovernmental transfers to local government involved block grant funding, conditioning funding to local entities on their ability to meet certain state criterion or requirements as a means of providing better accountability, and finally, simply cutting state aid or altering funding formulas that resulted in less state aide to fund local governments. With regards to fiscal federalism reforms, many commissions sought to reduce spending across a multitude of agencies and programs with the caveat that where funding cuts were recommended, reform language at the same recognized a need to make targeted reductions in such a way so as to not lose federal dollars or matching funds stemming from the cuts. Boosting states’ management of federal grant funding and ability to pursue increased federal funding opportunities through enhance technical capacity and expertise further illustrated the extent to which intergovernmental transfers play an important role in state government politics and budgeting.
Building and in some case strengthening regional, interstate, and intra state-local government collaborating, coordinating, and information sharing partnerships was a hallmark trait of intergovernmental relation reforms put forth by state commissions. In an effort to streamline and eliminate redundancies found in program and service delivery, intergovernmental relations was seen a key towards such efficiency in government. Reducing the incorporated number of local political entities and subdivisions was a logical offshoot of such collaborative, partnered approaches to public program implementation. Thus, the research found that seven states sought to reduce the number of local political subdivisions, particularly in the area of education services and school districts. As states dealt with mounting fiscal challenges, budget processes and systems, and more importantly, the information they provide lawmakers in prioritizing resource and spending allocations all emerged as a reform theme emanating from ten separate commissions. Budgeting systems most popularly cited for possible implementation at the state level included budgeting for outcomes, a variant of zero-based budgeting schemes, and program budgeting.

From a public governance and democratic values perspective, reforms within the Relationships cluster were advanced to achieve increased accountability, fairness, equity, efficiency, effectiveness, transparency, and performance. Many of the reform recommendations offered by commissions, similar to those put forth in the People cluster, integrated the public governance value to be achieved by the reform to enhance its effect and build support for adoption and implementation. Mandate and regulatory reform was viewed through a prism of fairness for local governments and efficiency for businesses. Budget process reforms were in pursuit of enhancing system performance, accountability, effectiveness, and transparency. Revenue-oriented reforms, particularly self-funded agencies and full-cost recovery models
further evinced elements of fairness, accountability and efficiency in the delivery of services. Indeed, reforms illustrated and patterned within the Relationships dimensions demonstrated the degree to which fiscal crisis forced states to reexamine the entirety of state government program and services, from the level of support provided to local political subdivisions, to funding mechanisms, processes, and relationships for developing annual budget appropriations.

In pursuing the development of a model that attempts to articulate state reforms from 2007 to 2012, both during and post-recession, the third cluster along which reform themes are grouped will be discussed next. The third overarching cluster for organizing state reform, reorganization, and efficiency commission recommendations for redesigning state government operations is Processes, and focuses on the institutional systems and processes of public administration and management for running government.
State Reform Themes and Trends

Processes

Generically labeled Processes in the abstract, this reform theme’s substance is found in the variegated array of sub-pillars that accrete together and serve to give its characteristic makeup and shape as a reform cluster of state efficiency and reform commissions. It is best conceptualized as the institutionalized aspects of management networks, policies, systems, and processes in place that enable public program, policy, and service delivery and implementation. Processes as a reform theme signals those administrative and management systems employed for making state government operate in terms of the provision of services to residents and businesses alike.

Reforms captured under this heading encompass changes to the organization of political institutional arrangements, administrative and operational management frameworks and techniques, and the redesign of administrative systems and processes of public administration and management. Reforms are thematically illustrated and linked by scientific management perspective and PODSCORB prescriptions, particularly with respect to changes promoted in the re-engineering of bureaucratic architecture. A core driver found inherent in many of the proposals to public administration, management, and bureaucratic institutions, systems, processes, and operations is technology. Integrating advanced technologies is a feature thematically woven throughout and underpins the logic of the reform proposal.

The specific trends that emerge from the research and coding that bring definition to Processes as a thematic grouping include: adaptation of a New Public Management (NPM) approach to public administration and management, illustrated by the efforts of states to achieve economies of scale in government functions, privatization and contracting out of government
service provision, and encouragement of entrepreneurial management; adopting Performance Management (PM) principles to both a state’s public employee workforce, as previously discussed in the People cluster, but also in a state’s dealings with private vendors involved in public program delivery; reengineering initiatives to reshape and reorganize state bureaucracies as well as integrating information technology advances in to government operations; and implementation of various management improvements as state government’s administrative apparatus and costs have grown, targeting items such as office space utilization, state employee travel, and state vehicle and aircraft fleets. State reform activities in the context of Process oriented themes are delineated in accordingly in Table 8. The characteristics and traits that give policy texture to such reform themes are addressed in turn below.

Table 8
State Reform Themes and Trends (Processes)
New Public Management (NPM)

Discussion of NPM as a public administration and management framework was detailed in chapter two. The exploratory research question further hypothesized that given its development and ideological popularity with the public and lawmakers alike, reforms offered by state commissions would possess some unifying characteristics of an NPM approach to state government operations in the recession and post-recession period. Findings from the research substantiate this exploratory hypothesis, with NPM oriented reforms espoused by many of the state commissions. In dissecting the panoply of NPM influenced reforms, they are broken down across three sub-categories that represent major tenets of the NPM approach: economic orientation to government services, and specifically, achieving economies of scale; privatization and contracting out of government service delivery; and entrepreneurial inspired management that liberates bureaucrats and empowers increased flexibility in fulfilling their public duties.

Economies of Scale: State Procurement

Reforms that are coded as economies of scale signal recommendations that sought to apply economic and market approach to functions of government in service delivery. Governments, like business and individuals, are consumers of goods and services. Unlike individuals businesses and individuals, governments, given their size and scope, often purchase in higher volumes. Thus, economies of scale reforms represent a government’s attempt to use such mechanisms as inter-state, multi-state compacts, multi-agency, and inter-governmental (state-local-regional) arrangements in order to purchase in high-bulk quantities. Capitalizing on the ability to purchase from vendors in such high-volume quantities, state reform commissions aimed to achieve lower negotiated prices in their contracts from businesses for goods and services. The ability to negotiate better pricing with vendors for goods and services by
government rests at the underpinning of reforms coding and grouped under economies of scale, and are thematically linked through this economic principle.

This reform overlaps with and is aligned with the reform theme IGR as it involves intergovernmental relationships, cooperation, and collaboration both compulsory and voluntary by level of government, agency, or department that is advocating the regionalization or consolidation of service to be centralized. It is reflective of the trend in adapting and developing regional, intergovernmental approaches to policies and problems. Adopting a business and market orientation to government operations, economies of scale recognizes the purchasing power and negotiating parity by government as a purchaser of high volumes of goods and services. Eighteen of the thirty three state commissions offered reforms that sought to achieve economies of scale with their purchasing functions or leveraging the scale of their current purchasing volumes to achieve budget savings and efficiency in the administration and support of public programs. The Oklahoma committee, in their discussion of economies of scale in state procurement, succinctly summarizes its benefits from both administrative management and cost perspectives. The commission wrote:

Many State dollars are spent each year on a variety of goods and services. State entities have not previously had a channel of communication to evaluate opportunities, contracts, priorities, and strategic methods. Many of state agency dollars go through organizations that are completely separate and autonomous. If monies spent by these agencies on like goods and/or services were harnessed, cost savings could be realized by all.

To create a channel of communication and to give state agencies an opportunity to participate in the process of identifying best value options, the Central Purchasing
Division will create a statewide Executive Procurement Council. The Council will be led by the State Purchasing Director and will be geared to work collaboratively with agencies across the State to categorize, rationalize, and optimize addressable spend for the state.

Collaboration between the state agencies would serve two purposes. One would be to provide them an opportunity to participate in and combine forces in the management of the State’s purchasing power by identifying and developing the best purchasing opportunities. Another would be to identify areas of overspending that have occurred due to lack of communication. The previous lack of coordination of all state spending led to an underutilization of the state’s negotiating leverage.

The executive council will cooperatively coordinate initiatives to maximize value across all executive branch agencies. (Oklahoma, 2011, pp. 60-61)

States and excerpts of their specific reforms are outlined as follows:

- Arizona (2011): Participate in cooperative contract through the Western States Contracting Alliance (WCSA) to receive lower priced cell phone contracts with Verizon.

- Colorado (2008): Increase participation in WCSA contracts where possible, mandate all agencies use negotiated statewide pricing agreements, and consolidate all food procurement functions.

- Connecticut (2010): Explore multi-agency purchasing options to negotiate better pricing with vendors.

- Delaware (2009): Leverage state’s role in aggregate spending within the economy to achieve cost savings in meeting their purchasing needs.
- Florida (2011): Consolidate all state agency vehicle procurement and maintenance into one master program, mandate usage statewide of fleet and maintenance plans, and identify strategies to increase state purchasing volumes using competitive bidding processes.

- Georgia (2010): Consolidate software licensing and contracts for janitorial, landscape, and maintenance services to lower contract rates.

- Illinois (2009): Better coordinate capital planning and procurement, explore options with other states to form multi-state technology consortia, and ask vendors to re-open and adjust existing contracts by providing a 2% rate reduction. Vendors not interested in renegotiating contracts would have their agreements subject to competitive re-bidding.

- Indiana (2007): Promote joint and collective purchasing by school districts throughout the state.

- Iowa (2010): Explore interstate and intergovernmental purchasing opportunities, consolidate purchasing and require all executive branch agencies to participate through mandated use of state contracts for common items, and IT hardware. While the commission noted that the legislative and judicial branches would not be required to participate in the purchasing contracts, realizing efficiencies in their procurement functions was nonetheless encouraged.

- Maryland (2009): Use state government’s scale of consumption of goods and services to negotiate lower prices from vendors.

- Michigan (2009): Capitalize on joint purchasing power of both state and local governmental units when negotiating contracts for goods and services; compile list of
common goods and services purchased by state and local governmental units, to include school districts, for incorporation into volume pricing discounts with select vendors, and incentivize participation.

- Ohio (2010): Develop purchasing consortia available to all public sector entities.

- Oklahoma (2011): Create an executive procurement council to develop and implement procurement strategies that integrates state spending on goods and services across all agencies to increase purchasing power and eliminate duplicative administrative services.

- Pennsylvania (2010): Centralize and consolidate state procurement functions, specifically in the area of IT, to ensure the state achieves maximum leverage in its procurement activities. Evaluate feasibility of consolidating purchasing of county, municipalities, and school districts as well in pursuit of volume discounting. Moreover, Pennsylvania also proposed consolidating the healthcare coverage for school employees across the state to pool its purchasing power with insurance companies.

- Tennessee (2012): Engage in what the commission referred to as strategic sourcing that standardizes procurement methods for high dollar initiatives.

- Utah (2010): Speed up implementation from ten years to three of a previously enacted cooperative contracting process that is to be used by state government, and cities, counties, school districts, higher education centers, and other local political subdivisions within the state. Use the current state of the economy in recess as leverage in achieving additional savings in current contracts with vendors.
- Washington (2010): Negotiate and require use of master contracts for IT needs, and mandate joint purchasing of reference databases at the state’s public libraries.

- Wisconsin (2012): Utilize collective procurement and cooperative contracts to obtain more advantageous vendor pricing through leveraging the buying power of both state and local governments. Like a few other states, Wisconsin also sought to reopen already existing contracts for cost savings. Renegotiating insurance contracts on two interstate highway projects was expected to produce $20 million in savings to the state.

Privatization and Contracting Out

The outsourcing and privatization of government programs and service delivery is a major component of the NPM paradigm for public administration. It is grounded in the premise that private entities are more efficient in their operations, and thus able to provide program services yet at a discounted cost than would otherwise be borne by the taxpayer if government was the service provider. The private sector is inherently better suited than government as a service provider in terms of performance and efficiency given a firm’s technical expertise through specialization in a specific area. Through specialization, long term fixed costs are lower. This logic was manifest in a number of state reports, and further illustrative of the degree to which an NPM approach to public administration was present as a theme within commission reforms for efficiency and reorganization initiatives.

Sixteen states proposed the contracting out of some dimensions of public programs and services being implemented within state government. Among offering programs to be privatized, Washington’s committee specifically cited a need to amend state law to allow implementation of such outsourcing arrangements easier. In Virginia, the goal of outsourcing to the private sector
had largely been achieved, albeit with periodic reviews recommended to be performed by the Governor for future opportunities of government-private sector collaboration moving forward. As a consequence, Virginia’s (2011) task force recommended instead the elimination of its Commonwealth Competition Council, whose principle aim when first formed, was to privatize select government-produced programs and services as authorized by statute. In proposing its elimination, Virginia’s (2011) report noted:

The Commonwealth Competition Council examines methods of providing a portion or all of select government-provided or government produced programs and services through the private sector by a competitive contracting program. While the Council was created with a laudable goal of finding opportunities for privatization, it has not flourished in recent years and made very few recommendations. At its creation, privatization of government functions was a novel and cutting-edge idea. These days, many of the functions that were previously performed by the government are now provided by private industry. (p. 13).

Areas targeted for outsourcing to private vendors, by state, include the following:

- Arizona (2011): Management of state’s Lottery system; Environmental permitting services; and Employment verification services. The state additionally recommended to hire an outside, independent actuary to study the state’s pension system and make recommendations. The justification put forth by the committee to outsource such analysis was to “ensure facts and data guide the debate” system changes must be made to make it more solvent (Arizona, 2011, p. 3). In this respect, contracting out such analytical support was viewed as a means to depoliticize the issue through
reliance on technical expertise and neutral competence, something a government study would be unable to furnish.

- Colorado (2008): Management of preferred drug list within the state’s Medicaid program.

- Connecticut (2010): Inmate medical services within its correctional facilities.

- Florida (2011): State Vehicle fleet services to include vehicle leasing, short-term rental, fuel and maintenance, and data management; Enterprise-wide travel agent services.

- Georgia (2010): Accounting, human resources, payroll, curriculum development, transportation, maintenance, janitorial and food services of the state’s Regional Education Service Agencies.


- Louisiana (2010): Medicaid program aspects such as developmental disability centers, community homes, independent living, and extended family living; Minimum of 80% of Department of Transportation and Development design work. Privatization and outsourcing was a significant feature of Louisiana’s reform efforts.


- Nebraska (2010): Weights and scale inspection and certification services within the state’s agriculture department.
- Nevada (2010): Issue request for proposals for private contractors to provide inmate medical, mental health, and pharmaceutical services; Cost-benefits study for outsourcing roadway maintenance from the state’s transportation maintenance crews.

- Ohio (2010): Recommendation that the state review all services currently being performed by government and examine whether appropriate for outsourcing to the private sector. An example program area specifically noted by the committee, and borne out by the research, was lottery systems as has been detailed in other state recommendations. It further sought to expand upon what it saw as the success of privatization already implemented in two of its state prisons.


- Utah (2010): State parks system; state’s Medicaid Program Integrity reviews; Establish contingency-based recovery audits to the private sector; and explore potential for privatization as a key pillar within the state’s strategic plan for managing prison populations and associated costs for housing inmates.

- Washington (2010): Local audit functions; certain programs and components of colleges and universities within the state’s higher education system; Economic development; and aspects of state transit and ferry systems.

As demonstrated by the research and its presentation of the finding above, states largely embraced this structural component of the NPM framework – outsourcing and privatization – in their government redesign efforts. Prisons, inmate medical services, lottery systems, services associated with state vehicle fleet management, and highway maintenance were the most common referenced programs and areas of state government cited for private sector outsourcing opportunities.
Liberation and Entrepreneurial Management

Finally, with regards to reforms thematic of the NPM framework, the last aspect to emerge from commission recommendations is the notion of entrepreneurism and liberation on the part of managers and administrators in executing efficient and effective governmental functions. Arizona (2011), Minnesota (2010), Ohio (2010), Oklahoma (2011), Oregon (2010), Vermont (2010), and Wisconsin (2012) advocated more entrepreneurial management models be adopted by agencies and programs at the state level.

A number of states recommended adopting a charter unit concept for certain agencies. Minnesota (2010) described the charter agency concept a new relationship between the legislature and state government entities, where agencies are afforded considerably more flexibility from legal requirements in exchange for greater accountability in achieving measurable results set out by lawmakers. Labeled by the commission as innovative government, members of the Minnesota task force viewed current bureaucratic systems and processes as too stifling to the empowerment of managers. Charter entities would therefore be crafted with a mission and results orientation, team and network driven, decentralized for managerial empowerment, accountable for results, performance focused, and utilize choice and competition to lower government costs.

Other committees that recommended charter unit concept be adapted for their state included Ohio (2010) and Vermont (2010), with Vermont looking to an entrepreneurial, charter unit based system as being a revenue generator offering fiscal relief to the general fund. The Vermont (2010) commission set revenue targets from entrepreneurial management within its charter units of $2 million in fiscal year 2011 and $4.5 million in fiscal year 2012. Charter units in Vermont were being implemented in the state’s Tax Department, Department of Information
and Innovation, Fish and Wildlife Department, Department of Liquor Control, Department of Labor, Department of Forest, Parks, and Recreation, and Building and General Services (Vermont, 2010).

In Oregon (2010), the commission sought to apply entrepreneurial management in agencies for providing internal services, and Wisconsin (2012) advocated an enterprise agency approach within its Department of Natural Resources. Under an enterprise approach, agency officials are granted significantly greater flexibility in finding ways to cut costs and improve customer service. Removing funding silos for programs and being able to shift appropriated funds more freely was an integral part to Wisconsin’s entrepreneurial, enterprise framework.

Arizona viewed entrepreneurial management in the context of education, and in particular, educational administrators. Meanwhile, Oklahoma (2011) sought to change the name of its Office of State Finance to the Office of Enterprise and Management Services. Reasons underlying the name change were twofold: one, it would signal efforts at reducing the agency’s level of funding support from appropriations, and two, it projects the governor’s broader focus of transforming administration of the organization to one defined by entrepreneurially management to the greatest extent as possible within the limits established by the legislature.

As a component of NPM, liberation and entrepreneurial management were found in a number of state reform proposals, adding further texture to state reform themes overall against the backdrop of the recession. Performance measures and accountability for achieving program results were an innate characteristic of entrepreneurial management approaches, and also lie as part of the philosophical underpinnings found in the Performance Management model for public administration and governance. Elements of Performance Management as a theme of state reforms are discussed next.
Performance Management

The research findings in the areas of Performance Management dissected along two lines of effort: Performance Management themes as the basis for public employee compensation systems, and as a component of government programs, service delivery, and contracting with private vendors in program delivery. Performance Management tenets as part of performance pay for state workers were outlined previously in the People cluster. Trends presented here are commission attempts at orienting Performance Management principles towards government programs and contracts for services.

State performance reforms frequently addressed government health programs, namely Medicare and Medicaid, or dimensions associated with those health and human service programs. Louisiana (2010) sought to move from its current fee-for-service methodology for reimbursement to private Medicaid providers to one that sets benchmarks for health performance, has various monitoring systems for care to ensure standards are being met, and utilizes coordinated systems of care and wellness as prevention tools. Tennessee (2012) contemplated performance-based provider payment options for services rendered to improve quality of care as well as advocated more resources be devoted to developing the state’s Performance and Quality Improvement process. Texas (2011), for its behavioral health services program, sought to strengthen Performance Management through improved measurement, collection, and reporting of client data annually to the Governor and legislature.

Recommendations for Performance Management in other policy areas were also offered, and in some cases, advanced as part of creating a cultural transformation statewide amongst executive branch agencies. Ohio (2010) looked towards utilizing performance audits as a management tool for evaluating efficiency and effectiveness of state programs. Oklahoma (2011)
proposed creation of a Performance and Efficiency Team. The team’s justification for creation and responsibilities succinctly summarize the argument by many of the states in integrating Performance Management themes into their efficiency reforms. Oklahoma’s (2011) report noted:

The more scarce resources become, the more important it is to utilize each of them in the most effective way. This means spending State dollars on the right things, having the proper people in the appropriate place and functioning in the most efficient manner possible. Decision-makers have the unenviable task of trying to predict the future and, on the basis of those predictions, invest resources wisely. OSF [Office of State Finance] plans to establish a team whose primary mission will be to assist agencies in improving efficiency and set up a measurement system to track performance. This group will define and implement processes to identify, evaluate, prioritize, initiate, and oversee through completion, efficiency projects that bring value to the State. Effective programs and services, cost savings, and efficient administration will be the objectives of this group in consulting with agencies and conducting assessments. This division will also be responsible for developing and implementing a state-wide Performance Management system that provides for elected officials, government administrators, and citizens the information needed to evaluate the results of initiatives, programs, and management. This data will assist decision-makers at all levels in making best use of the resources available.

(p. 60)

To illustrate the extent to which a performance culture would drive government reorganization in Tennessee (2012), the commission recommended creation of an Office of Performance Excellence. Its job would be to align quality, human resource, and internal audit functions to support high-performing organizations. Increased performance monitoring and
system reforms in the areas of education, corrections, and economic and community development also surfaced in coding the Tennessee report. Similarly, both Utah (2010) and Wisconsin (2012) pursued more focused integration of Performance Management into state government’s operations. Wisconsin’s (2012) approach was labeled the LEAN initiative, while Utah (2010) referred to their drive as efficiency improvement efforts structured around six goals: establishing objectives by department, optimizing customer service level, developing benchmarks and scorecard, establish incentives and eliminate disincentives for creating efficiencies, strengthen processes for accomplishing objectives, and institutionalizing accountability. In both states, development of performance metrics and benchmarks would be used to evaluate performance, efficiency, and effectiveness in government programs, thereby strengthening accountability to taxpayers in justifying program existence.

Four states, Oregon (2010), Tennessee (2012), Texas (2011), Washington (2010), each pursued Performance Management reforms as part of improving education programs and services within the state. Oregon (2010), in the area of corrections, also looked at how establishing performance goals for local governments would improve recidivism within the criminal justice system; as part of the Performance Management program envisioned there, incentives would be used to compel intergovernmental compliance by county governments. Further demonstrating the interconnectedness of Performance Management across other reform themes was New York’s push to assimilate Performance Management in its grant application and contract process.

Performance Management as applied to government’s role as a consumer of goods and services is the final dimension of Performance Management themes to be found in commission reforms. A handful of states – Louisiana (2010), Vermont (2010), and Virginia (2011) – viewed
synthesizing performance management with its contracting activities to bring greater accountability and performance to bear in its procurement programs. Vermont (2010) set out to convert $70 million contracts to performance-based contracting vehicles. Louisiana (2010) recommended officials review all private contracts to identify underperforming ones for cancellation.

Performance Management as a reform theme was demonstrated by a number of states across a number of policy areas – education, corrections, contracting and procurement activities – as well as emphasized as part of a larger cultural transformation to be achieved within state government’s approach to public administration and management. Like New Public Management themed recommendations, the language of Performance Management reforms as a trend exhibited by state commissions suggest they too were largely grounded in justifications of increased accountability, performance, efficiency, and effectiveness as public governance values to be achieved by implementation.

**Re-Engineering Bureaucracy**

As a reform theme, re-engineering state government and its associated complement of bureaucratic agencies and mechanisms for public policy implementation represents a significant component of the Process cluster for grouping state efficiency commission efforts. Divided into three separate trends – reorganization bureaucratic and program architecture, functional consolidation of administrative support services, and leveraging advanced technologies to create a smarter, integrated IT systems for government programs and services – these aspects of state reforms shared overlapping justifications and goals in their offering by commissions as a means to grapple with the fiscal challenges of the recession. At their core is an overriding concern by commissions to achieve increased efficiency through improved reporting, management,
communication, and oversight mechanisms afforded by revised organizational structures, architectures, and IT systems for government. A meme repeated throughout, commissions often aligned reform recommendations with governance values of efficiency, accountability, and performance to amplify influence and effect in framing the debate and context from which proposals were offered.

**Reorganizing Bureaucratic and Program Architecture**

Commissions sought out to redesign the architecture of its bureaucratic apparatus and DNA, recommending the elimination, merger, consolidation, and constitution of various agencies, departments, boards, and commissions in their reorganization efforts. A number of trends emerge in this theme of commission reforms. First, organizational changes to agency and department structures affected virtually every area and program across the policy spectrum, from agriculture, to conservation, corrections, criminal justice, transportation, conservation, university systems, health and human services, and community and economic development.

Second, reengineering and redesign of bureaucratic institutions overlaps with and is interconnected to a number of other commission reform themes detailed within the research findings; in particular, NPM modeled management approaches, IGR and the consolidation of common agency functions that were previously modularized within separate agencies. Many of the reorganization efforts have origins in state initiatives to move towards shared services concept to reduce duplicative administrative support functions cross agencies. Integrating, coordinating, and synchronizing service provision and delivery with unity of effort and economies of scale logically represents a complementary and reinforcing corollary to the reorganization and alignment of programs, agencies, and departments. Thus, it is important to delineate that the research findings presented below under the theme of reorganizing bureaucratic
architecture are those recommendations that targeted organization entities in the form of boards, commissions, authorities, agencies, and departments charged with program and service delivery and implementation. While the impetus for such consolidations was frequently grounded in combining common administrative support functions in order to reduce or eliminate redundancies in management of the public bureaucracy, state reforms targeting service integration are outlined separately from organizational architecture and program restructuring, as well as IT systems consolidation.

Third, reorganization was often advanced to downsize state workforces or eliminate positions through agency mergers. Such realignments would also entail revised responsibilities to better functionally align with overarching mission of the newly constituted department or agency. Finally, reorganization and reengineering proposals were most frequently justified using efficiency, effectiveness, performance, transparency, and accountability arguments. In instances where new agencies or organizational entities and positions were reconstituted, they were often done so with efficiency and streamlining of processes through increased coordination as their basis.

Key aspects of commission efforts in reengineering the bureaucratic architecture of state governments are detailed accordingly:

- Arizona (2011): Develop and implement comprehensive review process modeled from the federal government’s Base Realignment and Closure (BRAC) system that would conduct an efficiency review of all government agencies, boards, and commissions and recommend elimination, merger, or privatization where appropriate, and implement a sunset review process to maintain smaller government footprint. A key component of the Arizona commission’s reorganization and consolidation
initiative was privatization and contracting out to private sector to reduce government’s size and improve efficiency.

- Colorado (2008): Move Workforce Development Council from Department of Local Affairs to Department of Labor and Employment to increase integration of workforce development services and partnerships.
- Connecticut (2010):
  - Consolidate all economic development agencies into one agency to better serve businesses that utilize their services; and
  - Move Charitable Game Unit into Division of Special Revenue and eliminate vacant director position following reorganization.
- Delaware (2009): Conduct organizational review of the state’s Economic Development Office for restructuring opportunities. The goal of restructuring is to provide greater concentration on small business growth and grow new, emerging industries, such as green technology.
- Florida (2011): Centralize all state aviation programs into one single aviation authority to reduce duplication of aircraft, locations, and management involved with the programs.
- Georgia (2010): Ensure all state agencies are aligned with core missions through consolidation and reduction where appropriate.
- Hawaii (2011):
- Establish Aging and Disabilities Resource Centers to provide single-point of entry for all long-term care support and services under purview of Executive Office of Aging; and
- Create Chief Financial Officer position within the state to marry financial planning and fiscal operations, and create a position of Chief Operation Officer to oversee daily operations of government.

Illinois (2009): Consolidation was a major theme of Illinois reform efforts. Discussion of the commission’s efforts in this area is noteworthy given the relevance to this reform meme of reengineering bureaucratic architecture. First, the commission reported that more than three hundred boards and commissions operate in the state with varying degrees of decision-making authority that provide counsel to various state agencies and officials. The cost for compensation and benefits to maintain these entities exceeds $3.1 million annually. The committee recommending eliminating all pay and benefits for part-time board members, with their service instead considered as part of their commitment to the public interest of Illinois. Opportunities for consolidating, eliminating, and transferring of duties of all boards should be explored. Second, the commission recommended the administrative structures for the state’s three pensions systems should be folded into one single entity. The administrative overhead currently involved in maintaining three separate systems equates to $45 million annually requiring over five hundred employees. A single entity could provide unified administration, investment, and actuarial services with significantly reduced costs. Third, in the area of reorganization, Illinois sought to adopt an integrated service delivery model for various state agencies involved with its human
services programs. Key tenets of the reorganization included co-location, department and mission realignment, and technology integration.

- **Indiana (2007):**
  
  o Create a countywide entity to oversee all public safety services, and consolidate emergency dispatch services by county or multicounty region;
  
  o Establish single, unified legislative body for county government with expanded membership configuration to ensure adequate representation for all population centers; and
  
  o Establish single-person elected county chief executive, with responsibility for administering duties of county auditor, treasurer, recorder, assessor, surveyor, sheriff, and coroner.

- **Iowa (2010):**
  
  o To manage the number of commissions operating within the state to provide advice and counsel, require all commissions have a sunset date. Where possible, add additional duties to existing commissions rather than to create new ones.
  
  o Twenty-nine separate recommendations were offered that involved the elimination, merger, or transfer of various commissions and agencies within state government. Such reorganization would affect the state’s Department of Human Rights, Department of Commerce, Governor’s Office of Drug Control Policy, Department of Inspection and Appeals, Department Agriculture and Natural Resources, Department of Economic Development, Department of
Education, Department of Health and Human Services, and Department of Justice.

- Kansas (2009): Close Rehabilitation Center for the Blind and Visually Disabled while creating an Advisory Committee for the Blind and Visually Impaired.

- Louisiana (2010): Consolidate district structure for service delivery within the Department of Transportation and Development.

- Maine (2011): Consolidate various independent support services and home-based care services within state healthcare programs.

- Michigan (2009): Stated imperative of the committee on the need to improve state’s organization structure, but lacked specific agencies or policy areas to be targeted.

- Missouri (2011):
  - Move permitting processes from Department of Natural Resources to the Department of Economic Development;
  - Establish a new Retirement Investment Board to oversee both state public employee pension systems;
  - Merge Highway Patrol and Water Patrol;
  - Move Division of Alcohol, Tobacco Control to the state Department of Revenue;
  - Merge Department of Elementary and Secondary Education with Department of Higher Education;
  - Combine all state services for children under the Division of Youth Services;
  - Consolidation of Missouri Healthnet into three departments;
- Nebraska (2010):
  - Close state habilitation centers by transitioning patients to community-based care; and
  - Redesign inpatient services in the Division of Comprehensive and Psychiatric Services.

- Nevada (2010):
  - Statutorily create the Nevada Evaluation and Sunset Commission to manage the 200 operating units and agencies currently functioning at the state level. The commission would conduct a periodic review of every state government program and entity (agencies, boards, and commissions) ensuring programs and organizations are operating towards achieving the legislature’s original mission and intent for the entity, do not constitute a duplication of effort with another agency, and doing so with efficiency. The sunset commission envisioned would be comprised of 11 members, three gubernatorial appointments, one from governor’s staff, two from the general public, and eight legislators selected by the majority and minority leaders of each house of the state legislature.
  - Department of Transportation maintenance stations were separately targeted for consolidation along with the more comprehensive initiative outline and engendered in the sunset commission above.
- New Mexico (2010): To increase efficiency and better enable management control, pursue consolidation of cabinet departments. Actions include:
  o Merging the Higher Education Department into the Public Education Department;
  o Create a state Department of Commerce by merging Economic Development, Workforce Solutions, Tourism, Regulation and Licensing, Workers Compensation, Border Authority, and Space Port Authority;
  o Merge Aging and Long Term Services Department into the Department of Human Services;
  o Merge Homeland Security with the Department of Public Safety; and
  o Establish a Department of Natural Resources by merging the Energy, Minerals, Natural Resources, Environment, and Natural Resources Trustee agencies.
  o The commission further recommended eliminating 19 boards and commissions that they felt outlived original purpose, lacked in effectiveness, or required administration support beyond the resources available to them. Another 6 boards were identified for consolidation due to their overlapping responsibilities with another board.

- New York (2012):
  o Consolidate debt collection into a singular, newly constituted Department of Tax and Finance to serve a debt collection center of excellence.
  o Merge state Bridge Authority into the Thruway Authority.
Reorganize through elimination, merger, or consolidation of 35 boards and commissions, 20 of which were identified as no longer active, two whose mission was considered completed by the state, three whose functions duplicated that of another board, and four to be replaced by informal dialogue versus statutorily created entity.

Establish an Office of Lean Management in order to develop management capabilities within the state.

- Oklahoma (2011):
  - Consolidate the five state agencies of Department of Central Services, the Employee Benefits Council, the Office of Personnel Management, and the State and Education Employees Group Insurance Board under the Office of State Finance.
  - To emphasize its focus on efficiency and performance, the Office of State Finance would be renamed the Office of Enterprise and Management Services, a reform previously discussed and overlapping with NPM’s entrepreneurial management in characterizing trends of state commission efficiency efforts. The goal of the new agency is characterized by the acronym FAST – flatter, agile, streamlined, and technology-based.

- Oregon (2010): Citing that the number of state agencies has almost doubled since the 1950’s, the commission put forth a proposal to one, consolidate a majority of the state’s boards and commissions into no more than two stand-alone agencies, and two, grant the governor increased authority to appoint or remove directors for all of the programs targeted regardless of implementing the commission’s consolidation
proposal. It is interesting to note that while the commission acknowledged that many of the boards impact on the general fund was negligible – supported mainly through fee assessments – they nonetheless have an indirect impact on the efficiency and management of state government as a whole. These smaller boards receive an amount of attention from elected leaders and officials that is disproportionate to their size and scope, thus detracting from higher-prioritized issues confronting lawmakers in making general fund resource allocations.

- Pennsylvania (2010):
  - Focusing on the legislature, consolidation was proposed for some of the General Assembly’s caucus staff functions. The task force envisioned development of a non-partisan legislative agency to provide certain services where duplication of legislative support responsibilities currently exists.
  - Create a non-partisan Office of Continuous Improvement to examine state spending for areas where cost-savings and efficiencies can be achieved.

- Tennessee (2012):
  - Move state’s Bomb and Arson Section into the Fire Prevention Division.
  - Expand scope of the Department of Corrections mission to include adult felony offender supervision.
  - Establish unified prison system with facility standards consistent across all levels of government.
  - Reorganize the state’s Economic and Commerce Department (ECD).
    Reorganization included decentralizing the department’s structure by shifting to a regional approach, consisting of nine regional offices focusing on job
development. At the same time, the commission sought to realign the department’s organizational structure and personnel through combining three field organizations into one to better reflect its newly refined strategic objectives guiding its mission. Local ECD planning offices were also proposed for elimination given a lack of alignment with the department’s new strategic mission.

- Consolidate the Bureau of Environment’s eleven divisions into eight, and eliminate senior director positions by creating a more direct line of communication between the Deputy Commissioner division chiefs.

- Restructure the Parks and Conservation central office to align roles and functions with the current mission.

- Transfer program responsibilities for certifying job tax credits from Finance and Administration department to the Department of Revenue.

- In the Department of General Services, move Real Property Administration to Property Services Management.

- Transition the Weatherization Assistance Program from the Department of Human Services to the Tennessee Housing Development Agency.

- Study feasibility of folding all child care licensing and assessment responsibilities into one agency: Department of Human Services (DHS), Department of Education (DOE), or Department of Children’s Services (DCS).

- Study feasibility of transferring Low Income Energy Assistance Program from DHS to the state Housing Development Agency.
- Integrate all of the state’s health-related agencies into the newly created Division of Health Care Finance and Administration.
- Consolidate the state transportation department’s regional construction and maintenance divisions. Estimated savings through efficiency gains achieved by consolidation are $6.2 million over a 3-5 year period.
- Use mall concept to co-locate Veterans Affairs offices with other state agencies to offer one-stop-shop customer service for veterans.

- Texas (2011):
  - Consolidate the state’s six regional Poison Control Centers.
  - Develop and operate a state health insurance exchange in accordance with federal statute and standards.
  - Transfer bottled water regulation from the Department of State Health Services to the Texas Commission on Environmental Quality.

- Utah (2010):
  - Restructure Governor’s Office of Planning and Budget in order to facilitate greater focus on management operations, oversight, and continued efficiency improvements in state agencies.
  - Study moving Department of Human Resources back to the Department of Administrative Services.
  - Create an inter-agency initiative between the state’s Department of Workforce Services and Department of Health to better coordinate healthcare policy.
  - Consolidate the Division of Purchasing and General Services with the Department of Technology and Printing Services.
o Move the Division of Public Utilities to the Public Services Commission.

o Dissolve the state’s Medical Education Council.

o Consolidate public safety dispatch offices within the Department of Public Safety.

o Evaluate and if applicable, improve coordination of international trade and development responsibilities within the Governor’s Office Economic Development and the state’s World Trade Center agency.

- Vermont (2010):

  o Consolidate child care referral services for families by moving from 12 local service providers to one statewide entity with program responsibility and oversight. The move to one statewide agency will be enabled by advanced information technology and communication systems integration.

  o To coordinate and streamline efforts by combining Community Justice Centers and Diversion Boards.

- Virginia (2011):

  o Merge the Department of Rehabilitation Services with the Department for the Aging to create the Department for the Aging and Rehabilitative Services.

  o Merge the new Department for the Aging and Rehabilitative Services with the Department for the Deaf and Hard of Hearing.

  o Consolidate the Department of Social Services adult services and adult protective services into the proposed Department for the Aging and Rehabilitative Services.

  o Consolidate the following Boards:
- Public Guardian and Conservator Advisory Board with the Commonwealth Council on Aging
- Advisory Board on Child Abuse and Neglect with The Family and Children's Trust Fund
- Board for Geology with the Board for Professional Soil Scientists and Wetlands Professional
- Board for Opticians and the Board for Hearing Aid Specialists, identified as a barrier to business and economic growth

  o Eliminate the following Boards:
    - Hemophilia Advisory Board;
    - Sewage Handling and Disposal Appeal Review Board;
    - Child Day Care Council;
    - Interagency Dispute Resolution Council;
    - Purchase and Supply Procurement Appeals Board;
    - Virginia Public Buildings Board;
    - Virginia Council on Human Resources;
    - Board of Mineral Mining Examiners;
    - Polygraph Examiners Advisory Board;
    - Board of Surface Mining Review;
    - Virginia National Defense Industrial Authority;
    - Board for Towing and Recovery Operations;
    - Small Business Advisory Board

  o Reorganize the following Boards:
- Washington (2010):
  - Eliminate office of the Lieutenant Governor and allow the State Senate to elect its presiding officer.
  - Consolidate the 13 natural resources agencies into three: the Department of Agriculture; the Department of Environmental Regulation; and the Department of Resource, Recreation and Land Management.

- Agency consolidations and realignment include:
  - Department of Correctional Education into the Department of Corrections and the Department of Juvenile Justice;
  - Chippokes Plantation Farm Foundation into the Department of Conservation and Recreation;
  - Development of a plan to consolidate all law enforcement agencies in the area of natural resources;
  - Department of Game and Inland Fisheries and the Department of Conservation and Recreation;
  - Virginia’s Multiple Endangered Species Offices into a Single Agency; and
  - Water Quality Permitting from Department of Conservation and Recreation with those at the Department of Environmental Quality.
- Explore the feasibility of a governor-appointed state Superintendent of Public Instruction versus an elected office, and the associated impacts on accountability, responsiveness, and transparency with an appointed versus elected position.

- Create one administrative agency that combines the Department of Information Services (DIS), Office of Financial Management (OFM), Department of Personnel, Department of General Administration, and State Printer.

- Combine Health Care Authority, DSHS health functions and Department of Health into one single healthcare agency.

- Combine the Economic & Revenue Forecast Council and Caseload Forecast Council into one Forecasting Council.

- Move to a regional office concept for state agencies locations in smaller communities.

- Merge all the ethnic commissions within the state into one, or eliminate them all together.

- Consolidate transportation agencies that have functionary responsibility of distributing funding to local governments.

- Strip the Department of Commerce with responsibility for housing and community programs.

- Wisconsin (2012):

  - Create position of Inspector General in key agencies to perform internal audits for statutory and policy compliance.
- Close the Department of Financial Institutions Milwaukee field office.
- Review all boards and councils associated with the Department of Natural Resources for elimination and merger opportunities.
- Explore a reorganization plan for the state’s Department of Veterans Affairs to produce savings and efficiencies.

The extent to which state commissions sought to achieve efficiencies by re-engineering the architecture of state government public administration and management – through reorganization, redesign, and restructuring proposals for departments, agencies, boards, commissions, and councils – is best evinced by the fact that such reform themes are found in over 90% of the states included the study. Moreover, the richness of policy substance and texture with which many states pursued re-engineering initiatives affecting the state’s bureaucratic apparatus is further demonstrated in the preceding dissection of state recommendations. Perhaps best encapsulating the thesis underlying the core logic of state commissions in pursuing their reorganizational plans is the Oklahoma (2011) commission’s characterization of its plan using the acronym FAST – flatter, agile, streamlined, and technology-enabled. Indeed, public governance values most often found with this aspect of state reforms included efficiency, performance, and accountability through improved organizational alignment for management, communication, and oversight. Not to be considered in the vacuum of its own reform typological grouping, state reengineering and redesign initiatives were inherently connected to other aspects of reform themes detailed throughout the research, lending further credence to the precept that reforms offered by commissions represent a network of overlapping ecosystems of public administration and management frameworks for public policy implementation and delivery.
Functional Consolidation of Administrative and Program Services

As a reform theme, consolidation of administrative and program support services along functional lines across state agencies and between state and local governments signals a trend commonly targeted by state commissions in their efficiency initiatives and to reduce in general the cost, size, and scope of government. Moving to shared services concept model for administrative functions provided by governmental entities most commonly targeted personnel, IT, accounting, auditing, procurement, printing and mailing, and capital planning functions. Consolidation of roles by functional area of responsibility allowed commissions to find efficiency and streamlining improvements by eliminating redundancies within separate agencies and political subdivisions.

A framework in which separate agency’s each maintained operational responsibility for providing administrative support services also presented costly IT challenges, as the IT systems built to deliver such services often stand-alone, lacking integration, and are hyper-customized to meet the needs of a singular agency. Substantial long-term savings could be realized through service integration across agencies, particularly as advancements in IT and communication systems have not only lowered the costs of such constructing integrated systems, but at the same time enhanced their performance capabilities.

As a result, the reform recommendations aligned under functional consolidation of administrative services and programs were often reliant and premised upon successful implementation of enterprise, institutional IT systems, and accompanied by the reorganization of agencies and departments as functional responsibilities were folded under the purview of a singular agency. This orientation to state reforms is further underscored by a NPM logic of market orientation and economy to public administration and management, as economies of
scale provide for efficiency through functional specialization, and are inherently intergovernmental in nature where cross-political entities are concerned. A linked community of public administration frameworks and paradigms for managing state government is yet again a hallmark of state commission reforms in the aggregate. However, given the considerable focus of commissions in the aggregate to IT and enterprise-based systems recommendations, these reforms will be examined separately as a reform trend.

Consolidation of functional administrative support services was found as a reform trend in 27 of the 33 commissions. By state, specific recommendations as related to shared administrative services are articulated as follows:

- Arizona (2011): Share common functions across agencies, particularly in the area of human resources, in order to shed full-time equivalent (FTE) positions.

- Connecticut (2010): Create the Small Agency Resource Team (SmART), which integrates and combines the business functions – personnel, payroll, affirmative action services, and printing and mailing – of smaller agencies across the executive branch into one unit within the state’s Department of Administrative Services.

- Delaware (2009): With 15% of the state’s 17,000 member workforce, consolidate executive branch shared services personnel to include human resources, IT, accounting and fiscal, procurement, and facilities management.

- Georgia (2010): Institutionalize shared services model and concept using a central service center to provide essential, but non-core functions to multiple agencies. Commonly shared services for consolidation encompassed accounting, information technology, human resources, procurement, and facilities management. In the area of human resources, the commission specifically identified the industry standard ratio of
195:1 for human resources personnel to personnel as a goal. At present, the state was operating at 115:1 with some smaller agencies as low as 88:1.

- Hawaii (2011): Develop statewide plan to reduce redundancies in state purchasing functions and systems in its 18 departments; and centralize all professional licensing functions statewide.

- Illinois (2009): The state had already moved towards a shared services concept for administrative personnel duties. As of publishing of the report, the two of five planned shared service centers had been implemented. The commission sought to measure the success of this initiative before making further investments, noting its improved customer service and efficiency gains that decreased costs overall in the aggregate. Outside of its shared service centers, capital planning across the state agencies was further recommended for centralization.

- Iowa (2010): Mandate that agencies move towards shared services, particularly consolidation of procurement function.

- Kansas (2009): Consolidate administration (business and human resources office), maintenance, security, and food service functions within the Kansas State School for the Blind and Kansas School for the Deaf. Expected savings through merging support services is $400 to $500 thousand annually.

- Louisiana (2010): Require departments and agencies to organize themselves structurally to allow for delivery of services within established regional service centers modeled after a ‘mall’ concept.

- Maine (2011): Reorganize and consolidate purchasing activities within the state’s Division of Purchased Services.
- Maryland (2009): Consolidate functions across state agencies to yield expected savings of $3 million annually.

- Michigan (2009): Promote local governments, through use of incentives facilitated by newly formed Intergovernmental Advisory Office, to share services.

- Minnesota (2010): Move towards creation of a general inventory of services to be shared across state and local government subdivisions. Redesign state and local government administrative functions and systems to allow for standardized training and integration across governmental entities. Functions targeted for redesign efforts include: human resources, purchasing, accounting, auditing, IT, fleet, facilities and real property, analytics and reporting, finance, and basic services such as public safety, law enforcement, snow removal, parks, and libraries.

- Missouri (2011): Establish incentives for counties to combine and share public services, and consolidate K-12 education services across school districts and institutions of higher education.

- Nebraska (2010): Centralize each agency’s building rent and operations budgets to allow more efficient space use and American with Disabilities Act code compliance.

- New Mexico (2010): Establish and promote use of regional cooperative for overhead services.

- New York (2012): Transition towards statewide shared services model for procurement, business services (payroll, purchasing, benefits management, accounts payable and receivable), call centers, IT, learning management (employee training), fleet management, and real estate planning and management.
- Ohio (2010): Examine possibility of cross-entity, shared management level service agreements.

- Oklahoma (2011): Share services between consolidating agencies by creating a newly consolidated agency that will provide services to all other departments. Specific attention for consolidation was directed in the areas of IT (operations, purchasing approval) and finance and administrative services (procurement, payroll, accounts receivable, accounts payable).

- Oregon (2010): Create regional service delivery structures to be shared with county and local governments in the areas of health and human services, public safety, assessment, and taxation.

- Pennsylvania (2010): Consolidate administrative functions across school districts, and centralize state government procurement systems and functions.

- Tennessee (2012): Centralize payment processing functions across regulatory boards, and conduct a review of executive branch financial business processes to identify opportunities centralization, consolidation, and uniformity within the state’s Department of Accounts.

- Utah (2010): Promote cooperative shared services in public and higher education, and improve financial services functions within the Departments of Administrative Services, Agriculture, Community and Culture, Environmental Quality, Health, and Natural Resources by realigning the financial director position of each agency with oversight of all finance-related personnel.

- Vermont (2010): Mandate increased participation by agencies in the area of postal services within the state’s Department of Building and General Services.
Virginia (2011): Consolidate tax collection and investment management functions of the state’s various investment programs (the Local Government Investment Pool, the Virginia Lottery, the Virginia College Savings Plan, and the Virginia Retirement System).

Washington (2010): Centralize bulk-mail operations and revenue collection.

Wisconsin (2012): Promote sharing of school services inter-district, especially in the areas of health insurance benefits to state public education employees.

Over 80% of state commission redesign and efficiency reports included consolidation of common, functional administrative support services, suggesting this reform as a major hallmark articulating themes of reform of states to grapple with the fiscal challenges confronting them in the post-2007 financial crisis. Moreover, its interconnectedness and overlap with other themes identified in the study – IGR, NPM, and department re-engineering and alignment initiatives lend credence to the notion of its centrality to state efforts in reducing the costs of government through efficiency gains that alter the implementation of programs and policies by shrinking state government’s overall footprint.

**eGov, iGov, and IT Systems**

As a reform theme emerging from the research, recommendations captured under this sub-pillar represent state’s efforts to leverage information technology in order to improve the public administration and management of state government. Labeled eGov and iGov, as a theme of state commission reforms, it reflects a drive by states to become more digital, developing systems and processes for both internal (state agencies) and external (businesses, citizens) stakeholders that are increasingly web-based, online, and networked for receiving services or implementing programs.
With the onset of the digital revolution and the increasing prevalence of Smartphone technology, so too have states sought to use IT to become smarter in their service delivery systems and platforms. Reforms outlined under this theme encompass such underlying precepts. A play on Apple’s popular iPhone, iGov symbolizes the recognition by states that in achieving greater efficiency in government, and thereby reducing costs in the administration and delivery of programs and services, technology can an enabling factor. In an era where the hackneyed, banal refrain of politicians is ‘doing more with less,’ reforms categorized as eGov and iGov demonstrate state’s attempts to redesign a smarter, tech-enabled bureaucracy. Automating services and moving them to the Internet allows for further reductions to the size and scope of government, as remote office locations can be closed and staffing to public workforces decreased through attrition and other means. Significant line-items in the budget each year, eGov and iGov reforms allows states to find savings in the administrative overhead costs of maintaining rural locations as well as personnel costs, alleviating competition amongst programs for a share of public resources and appropriations.

The first hallmark characteristic of eGov and iGov reforms are state proposals to make as many citizen and constituent services accessible and available online as possible, in addition to automating and digitizing administrative management and support functions within state bureaucracies. Thus, digitizing and moving services online was driven by both an internal and external-customer focused approach. Internally, eGov and iGov reforms realize savings to state governments in the long run by having to maintain a smaller footprint of personnel and rural office locations, as well as bringing efficiency to the internal management operations and procedures of state agencies. Externally, increasing the availability of services online is largely seen as fostering a more “user-friendly” bureaucracy, both for citizens and business looking to
meet regulatory compliance with laws within the state. Moreover, state reforms to go digital facilitated and enhanced governmental efforts at improving accountability and transparency in government with the public. With more services and administrative support operations moving government to a paperless organization, the capability to post performance reports and audits of state programs is made increasingly easier. States which sought to expand their digital footprint of services included:

- **Arizona (2011):** Increase tax eFile capability to facilitate closing of revenue offices in rural locations.

- **Colorado (2008):** Increase eFiling, eRecords management, and email and electronic communications to decrease storage and postage costs.

- **Connecticut (2010):** Require direct deposit for all for all public employees and retirees, and email delivery of electronic advice statements; automate all personnel time and attendance systems for public workforce; utilize electronic payments for all state vendors that receive more than 100 checks per year; and move to electronic business filing services with Secretary of State. Initiating a statewide strategic plan for increasing eGovernment initiatives was a long-term goal set-out by the commission.

- **Delaware (2009):** Expand eGovernment services to include online filing of personal income taxes, ACH / credit card payment options, business licensing, gross receipts filing, corporate income tax / partnership filing; and eliminate mailing of paper pay advices to state employees in lieu of posting benefits information online.

- **Florida (2011):** Implement online portal that is a one-stop-shop to assist with meeting all licensing and regulatory requirements of business start-ups.
- Georgia (2010): Implement paperless initiative government-wide; increase online availability of budget spending reports and audits to improve state government accountability to taxpayers; and mandate use of electronic funds transfers for employee payments along with online time and attendance reporting.

- Hawaii (2011): Move tax department processes and services online, and accelerate implementation of electronic system for medical records.

- Illinois: In the area of human services, expand availability of self-service channels (application, benefits information, submit inquiries) via the internet and automated phone systems; automate the Department of Corrections pay system; and mandate use of credit cards by state employees when performing procurement and payment functions.

- Iowa (2010): Encourage digitizing of state records for electronic storage, and move towards paperless administration agency-wide, specifically for interdepartmental reports submitted to the General Administration agency and the Iowa State Code. Mandated use of credit cards for electronic payment was also proposed, in addition to advice of pay statements being furnished electronically to employees.

- Louisiana (2010): Transition transactions with the public to online capability where appropriate.

- Maine (2011): Increase use of electronic payments to state vendors, and move the distribution of tax booklets to the internet in lieu of direct mailing to individuals.

- Missouri (2011): Use discounts to incentivize electronic filing and payment of business sales tax; move towards implementation of electronic filing and records to replace currently printed publications within the Departments of Agriculture and Natural Resources; and cease printing of state maps and manuals in lieu of their availability online.

- Nebraska (2010): Set targeted goal of increasing current use of electronic forms from 16% to 50%, and proposed amending the state constitution that would add a provision allowing the publishing of initiatives and referendums on the Secretary of State website.

- Nevada (2010): Move certain Department of Motor Vehicle services online; adapt the federal government’s model for printing services within the U.S. Government Printing Office known as GPO Express to the state’s printing and publication services, offering discounts for digital printing and online delivery to vendors; and develop enterprise web content management system to provide single point of access portal for Nevada’s citizens to access services and obtain information.

- New York (2012): Develop a single online point of access portal for business to access all statewide licensing services.

- Oklahoma (2011): To increase transparency and accountability, the commission recommended development of a website for publishing all state documents, forms, spending data subject to the state’s School District Transparency Act, and any IT projects in excess of $100,000.

- Oregon (2010): Continue to build upon array of services already being offered under the state’s eGovernment initiatives.
- Pennsylvania (2010): Transition to electronic distribution of Pennsylvania Code and Pennsylvania Bulletins, conduct comprehensive study on transitioning of state agencies to a paperless work environment.

- Tennessee (2012): Within the state’s Commerce and Insurance departments, expand existing online licensing and renewal functions, explore transitioning towards a paperless operations for forms and records management, and implement automated phone system for certain inspection services; In the Department of Corrections, implement electronic funds transfers for offenders families to deposit funds; In the Department of Economic and Community Development, develop a transparency website posting detailed information on department funded grants to businesses; Explore use of social media, list-serve distribution, and online newspapers for the Department of Environment and Conservation’s public notice process; and enhance array of online services to be offered online within the Departments of Environment and Conservation (licensing, permitting, booking state services), Labor and Workforce Development (online job boards and employment resources, electronic business tax remittance), Human Services (direct deposit of child support payments, custodial parent monthly notices), Revenue (eFile of tax returns, electronic transfer of vehicle titles and registration), and Safety and Homeland Security (driver license renewal).

- Texas (2011): Require all employees and retirees to receive payments via direct deposit.

- Utah (2010): Create online data entry and document upload for child support applications, automate human services licensing, monitoring and inspection services,
and alternatives – such as email – to the current system of mailing 2.1 million motor vehicle registration reminders each year.

- **Vermont (2010):** Implement eFiling of W-2s and business tax applications in the Department of Taxes; implement eFiling of workers compensation claims in the Department of Labor; develop online licensing and special use permitting process in the Department of Forests, Parks, and Recreation; and implementation of web portal for citizen review and commenting of proposed rules and regulations.

- **Virginia (2011):** Promote use of electronic mail over surface delivery inter-agency and inter-state; eliminate legislation that requires certain mailings in lieu of electronic delivery means; adopt legislation mandating all reports and publications be produced in electronic format only, and posted online for public viewing; and develop a website that provides budget and spending information with search functions to improve transparency in the state appropriations process.

- **Washington (2010):** Author legislation to allow for all public legal notices to be filed online; promote use of electronic benefit transaction cards in the state’s Medicaid benefit eligibility and payment system; transition more state business services online for citizen consumption; and develop Smartphone applications (apps) for transit and rail schedules.

- **Wisconsin (2010):** Increase use of direct deposit and email for licensing and permit renewal notifications; develop website for public viewing and access regarding the state’s LEAN Wisconsin Enterprise Initiative; implement web-based public notice permitting in the Department of Natural Resources; promote eFiling of taxes in the Department of Revenue; examine a paperless eRecords and documents initiative in
the Department of Transportation; install GPS technology to monitor salt usage in winter maintenance vehicles; In the Office of the Commissioner of Insurance, end printing of annual insurance reports and public them online, and require upload of certificate data electronically by primary insurance carriers; and transition to electronic distribution of hearing calendars, notices, orders, and final notices by the Public Services Commission.

Integrating IT in pursuit of digitizing internal and external business services and process offered by state governments was a commonality amongst state commission reforms. Efficiency, as well as accountability and transparency in government operations were most often referenced in offering the recommendation. In addition to the specific reform proposals cited above, various other trends will also be discussed briefly given their grounding in the overall theme of state government leveraging IT systems and adopting an eGovernment orientation to its interactions with citizens as well as for streamlining internal operations and management processes.

First, states increasingly sought to utilize video teleconferencing (VTC) technologies and capabilities, a theme directly connected to commission efforts that targeted state employee travel for spending reductions and efficiencies. States asserting interest in implementing VTC as part of their overall package of reforms regarding IT included Colorado (2008), Delaware (2009), Illinois (2009), Maine (2011), Missouri (2011), Tennessee (2012), and Wisconsin (2012).

In two specific policy areas, technology was viewed as efficiency and cost-savings enabler by a handful of states. In the area of criminal justice and correction, technology emerged within the Florida (2011) and Michigan (2009) reports as a component for better managing probation services. Use of GPS-based tethering and electronic monitoring was as avenue broached by both states for balancing a need to better manage prison populations while ensuring
public safety. In the area of education, technology was seen as a means for public education services and opportunities in primary, secondary, and higher education. Oregon (2010), Tennessee (2012), and Utah (2010) each sought to improve education delivery to students through such initiatives as online textbooks, online guidance counseling resources, and online course offerings to facilitate virtual and distance learning.

Next to states’ eGovernment and digital initiatives, implementing enterprise IT systems and platforms statewide or across multiple departments was the second most cited commonality coded in the research related to the technology theme within re-engineering the bureaucracy. State reform commissions that focused on development of enterprise IT systems and platforms to be consolidated and coordinated across agencies and programs include: Hawaii (2011), for centralizing and coordinating IT architecture statewide; Illinois (2009), for health and human services program integration as well as common technology platform statewide; Iowa (2007), for all executive branch agencies; Louisiana (2010); Michigan (2009), for centralizing all IT management and systems for the executive, legislative, and judicial branches; Nevada (2010), for a common email and telecommunication platforms across all executive branch agencies with invitations extended to judicial and legislative branches, local governments, state institutions of higher education; New York (2012); Ohio (2010); Oklahoma (2011), for finance and administrative services; Oregon (2010), for human services program integration and state data centers; Pennsylvania (2010), for a program interface between the Department of Welfare and Labor and Industry in addition to state data center integration; Tennessee (2012), for the state’s voice systems by implementing a centralized IP-based solution to save $70 million over ten years; Texas (2011), for an all-payer claims database for the state’s health insurance programs;
Vermont (2010); Virginia (2011), for integration across all state agencies; Washington (2010) for common, statewide email and phone system; and Wisconsin (2012).

Finally, a number of state commissions in their IT-related efforts for reforming state government, targeted cell phone plans, usage, and policies governing availability and distribution to find cost-savings in an era of tight budgets and appropriations processes that increasingly scrutinizes every line-item in the spending bill. Seven states – Arizona (2011), Connecticut (2010), Delaware (2009), Hawaii (2011), Missouri (2011), Nebraska (2010), and Wisconsin (2012) – all sought reforms to cell phone plans, systems, and processes within their states.

From functional consolidation of administrative support services, to eGovernment initiatives and integration of enterprise, common operating IT systems and platforms and redesigning the organization architecture of bureaucracy, state commission’s most active reform efforts were oriented towards attempts at fundamentally re-engineering the bureaucratic apparatus of public administration and management in state government. Moreover, often did such initiatives overlap and complement other reform trends previously depicted in the research. Organized along three lines of reform efforts, 82% of states sought to consolidate administrative support services or move to a shared services model inter-agency and inter-government, 82% pursued IT enabled efficiencies in government services and operations through digitizing administrative functions and developing enterprise IT platforms, and 91% reorganized bureaucratic and program architectures. Of all the state reform efforts, no other categories enjoyed more thematic references than those recommendations typologically grouped as part of re-engineering the bureaucratic apparatus of state government programs, services, and operations.
Insource

Though states overwhelmingly sought to either outsource certain government services and programs to private companies, or amend already existing privatization contracts, a handful of states also recognized insourcing as being more cost-effective for some highly specialized skills. Five states proposed insourcing initiatives: Colorado (2008), Delaware (2009), Maine (2011), Tennessee (2012), and Wisconsin (2012). Such insourcing attempts were most common within state transportation departments, with Colorado, Tennessee, and Wisconsin all seeing the cost-advantages of replacing some degree of private sector engineering consultant work in favor of developing a cadre of qualified public sector workers with expertise provide advice and counsel on transportation projects.

Replacing private sector transportation engineers to the Colorado Department of Transportation employees would reduce overhead and monitoring costs associated with private contracts. By reducing dependency on outside consultants through rebuilding its core competency of transportation department employees, Tennessee’s (2012) commission estimated the state could save an estimated $14.5 million over a period of years that could then be reinvested in to funding additional road and bridge projects.

Wisconsin, however, did not advocate for such wholesale transfers from the private to public sectors for civil engineering and transportation expertise. Yet it nonetheless saw cost-savings to be found by rebuilding what had been lost capacity in their area, and set out to strike a balance between state and contract engineers. While the commission did not agree on what ratio of state to consultant engineers within the Department of Transportation should be maintained, the commission did note there was a broad agreement that adequate staff levels and professional competencies must be maintained within the department (Wisconsin, 2012). Further, it viewed
the resulting competition that arises out of such division between private consultants and state engineers as generally beneficial, ultimately in the best interest of state taxpayers.

Delaware’s (2009) insourcing proposal was relegated to facilities management.

Maine’s (2011) commission focused on insourcing design work for the planning and construction of public improvement projects. It did not specifically reference transportation projects, but the commission proposed transferring planning and construction design in-house, shifting funding that would have otherwise been allocated to private consultants.

**Space Utilization**

Linked to the discussion of selling state owned assets as a reform theme as a means to generate revenue, space utilization was another common trend found in state reports. As a reform pattern, it represents states’ efforts to reduce the administrative costs associated with office space needed to support the complex bureaucracy that has been created to deliver programs and services. Improving management processes for office leasing and space utilization studies to prevent states from maintaining office space beyond its need were the two most frequented recommendations by states commissions.

For example, so large is Arizona’s administrative footprint that its commission recommended conducting an “inventory of inventories” in order to determine exactly “what buildings, facilities and other non-land, real property assets that the state owns” (Arizona, 2011, p. 45). This endeavor would complement additional planning actions regarding space, and specifically, conducting a statewide space utilization survey. The survey would collect information on the amount of square feet allocated per workstation, staff position, and number of workstations in order to facilitate more effective space and occupancy utilization along with planning of capital construction, energy conservation, and sustainability projects if needed.
Nevada, like Arizona, also noted its requirement to first generate a complete inventory of its real estate portfolio before issues of space utilization and selling excess property could be explored (Nevada, 2010).

Georgia (2010) reported that the state owns 15,000 buildings, leases 1,800 properties, and manages over 1.1 million acres of land. Thus, the commission not only sought to reduce real estate inventory, but also to modernize its leasing practices for effective management of the system. Likewise, Delaware (2009), Hawaii (2011), Illinois (2009), Maine (2011), Missouri (2011), New Mexico (2010), Tennessee (2012), Vermont (2010), and Wisconsin (2012) sought to reduce excess office space through consolidations and improved lease portfolio management. Wisconsin’s (2012) commission stated its leased office space reduction goal was 5-10% per agency, generating an expected cost savings of $2.8 to $5.6 million annually.

Finally, with regards to space utilization, whereas other states focused on reducing their agencies’ leased or owned office space, Utah’s commission was a bit more creative. They too recognized a need to better utilize office space and buildings but, overlapping with the theme of intergovernmental relations previously discussed, the commission also proposed building partnerships with local education and non-education entities in the area where new building construction would be taking place to determine interest in co-location or co-use of state facilities (Utah, 2010). Additionally, public institutions should reach out to private businesses in the area to determine interest in leasing office space for use during state government’s non-work hours. In this respect, Utah recommended securitizing to an extent its office space to help generate revenues during hours of non-use by government employees.

This further serves to underscore a central tenet of state reform themes being presented in this chapter; reforms, though organized within pillars of shared commonalities and traits, are not
presented in a vacuum but rather part of larger administrative and political ecosystems involved in the public administration and management of state government’s bureaucracy.

**Energy and Efficiency Upgrades to State Owned Facilities**

Energy and efficiency upgrades as a reform theme denotes states’ attempts at realizing costs savings through installing more efficient energy systems used to power and heat state owned buildings and facilities. Representing an investment that in many cases would require considerable up-front costs to state governments to implement, updating the energy efficiency of state buildings would pay off over time in terms of lower utility bills due to reduced energy consumption to power and heat offices.

States putting forth energy efficiency, alternative energy, and sustainable energy projects as a reform measure that would reduce consumption and generate savings in the long run included Colorado (2008), Connecticut (2010), Delaware (2009), Georgia (2010), Hawaii (2011), Illinois (2009), Maryland (2009), Nevada (2010), New York (2012), Ohio (2010), Pennsylvania (2010), Tennessee (2012), Washington (2010), and Wisconsin (2012). In implementing the energy efficiency upgrades to all state facilities in the state within four years, the Wisconsin commission estimated an internal rate of return of 10% that would achieve annual budget savings of over $100 million per year (Wisconsin, 2012).

Colorado’s (2008) report also referenced energy performance contracting, in which vendors guarantee savings once buildings have been retrofitted. In Tennessee (2012), in addition to projects being recommended across all agencies and departments, the commission further sought to extend the alternative energy approach to its Air National Guard units, setting a goal of reduced energy consumption by at least 5% through the use of energy efficient technologies.
The availability of federal stimulus dollars and grants to fund such projects was specifically mentioned by the Connecticut task force, illustrating yet another instance in which reforms overlap and are connected across the institutions and processes with the bureaucratic apparatus of state government operations. In this case, the role of fiscal federalism as a reform theme in which states recognized the importance of intergovernmental transfers from the federal to state level when preparing annual appropriation bills to fund various programs, services, and initiatives within state and local governments.

**State Employee Travel**

State employee travel budgets were an appropriation line-item that commissions recommended funding cuts to. Recommendations ranged from simple percentage reductions from previous fiscal year levels to calling for a reevaluation of state’s travel policies and reimbursement rules.

Florida (2011) recommended a number of changes to its employee travel policy to trim costs: it suggested agencies reduce travel funding by a percentage – not identified – from the previous fiscal year allocation; adopt the federal limit on lodging reimbursement; revise Florida law to specify authorized reimbursable expenses and rates employees shall receive on the last day of travel; and evaluate the cost-effectiveness of the current transportation model for employees traveling over 10,000 miles annually. A cost-benefit analysis should be performed for high-mileage travelers, such as exploring possible leasing options from private vendors or providing a state-owned vehicle to these employees.

Similar cost-benefit studies were also put forth by the Tennessee (2012) commission for certain high mileage travelers. A three-year pilot project was to be undertaken by the General Services department to quantify savings, if any, that accrue from moving high mileage drivers.
out of personal vehicles and into state-lease vehicles. By the time the commission’s report was published, data from the first six months of the study was available to the committee, and showed the state to be on track to save in excess of $2 million over the three years by moving high-mileage drivers out of personally owned vehicles and into state cars.

In Pennsylvania (2010), the task force advanced two proposals with regards to state employee travel. First, it advocated for a comprehensive review of the state’s current per diem reimbursement system for legislators be undertaken, and whether requiring receipts would result in savings to the taxpayer. Second, it recommended strengthened controls on existing travel policy within the state to prevent unnecessary employee travel, and when operationally justified, oversight to ensure travel that is completed is done so at least expensive method to the government.

Maryland (2009) and Nebraska (2010) both sought to simply reduce employee travel.

Missouri (2011) recommended a temporary moratorium on all state travel, as well as requiring more agencies to take advantage of teleconferencing technology as an alternative to employee travel.

Wisconsin (2012) set a goal of 10% reduction in travel costs across all agencies and their respective boards and commissions.

**State Vehicle Fleet**

Like state employee travel, efforts to reduce the size of state fleets – both vehicles and aircraft – presented another target-rich opportunity for state commission recommendations for finding savings and changing the way state government business is done. Recommendations concerning state fleets ranged from reducing fleet inventories to implementation of GPS tracking
technology for ensuring greater accountability and preventing misuse. States also sought stricter policies over take-home use and setting limits on vehicle use by appointed officials.

Colorado (2008), Delaware (2009), Florida (2011), Louisiana (2010), Pennsylvania (2010), and Wisconsin (2012) all sought to reduce the number of vehicles in state government’s inventory for public employee use. Louisiana (2010) set a specific vehicle reduction target for its fleet at 20%, roughly equal to its 2004 levels, and a goal to convert from state ownership to vehicle leases for its fleet within 12 months. Also exploring the economic benefits of ownership versus leasing was Tennessee (2012), whose commission noted the state, by switching from a purchase to lease vehicles system, could save an estimated $4.6 million in added efficiencies through avoidance of maintenance costs.

Though not downsizing, Maryland’s (2009) recommendations with regards to its state vehicle fleet was to suspend all non-essential purchases. Meanwhile, Vermont (2010) proposed that a fleet management pilot project be completed first within its Department of Forests, Parks, and Recreation before putting forth any policy changes regarding its vehicle fleet.

Pennsylvania (2010) saw a need to decrease its overall fleet size from current level of 16,186 vehicles yet did not specify a specific number target to achieve. It further sought to bring greater accountability to the management of its fleet through better management controls of vehicles to ensure adequate usage by employees assigned state vehicles, and explore possibility of using GPS tracking technology to prevent misuse, increase efficiency of use, and curb costs overall as a better managed fleet through improved tracking systems thus allowing for a smaller inventory. With a fleet of 16,186, the Pennsylvania task force felt that many vehicles were sitting idle, thus creating the opportunity for downsizing. Maine (2011) too focused on greater
management controls and cutting funding for mileage reimbursements as a mechanism requiring use of central fleet vehicles by employees.

While most state recommendations focused on reducing size of their vehicle fleets, states also looked to management improvements within their current systems. Integrating tracking technologies to improve management and switching from a purchased to leased vehicle model captures the range of changes state commissions largely offered for realizing cost savings within their vehicle fleets. Finally, it is unclear the extent to which initiatives by commissions that put forth plans to both reduce their state’s vehicle fleet, while also cutting funding for state employee travel reimbursement using the logic that state employees could use vehicles available within state fleets, were at odds with the savings attempting to be achieved by one another.

**Summary: State Reforms Themes and Trends (Processes)**

As the third broad header used to capture state commission reforms, the Processes cluster is perhaps best articulated by the fact that reforms offered under Processes shared the overriding goal of reducing state government’s footprint, and a number of reform themes emerged for states to accomplish the associated spending cuts involved with such reorganization efforts. From cutting employee travel, to reducing state vehicle fleets, optimizing office space utilization, reengineering agencies, administrative functions, and consolidating IT systems into enterprise statewide platforms integrating programs and agencies, are all reforms offered by state commissions targeting the institutional processes, systems, and bureaucratic apparatus of the public administration state, and achieving efficiency, performance, and accountability gains therein. The research suggests that considerable interest and attention was exhibited by commissions in targeting government and bureaucratic system and process oriented reforms for reorganizing and redesigning the institutions of public administration and management.
State Reform Themes and Trends

Public Values

The notion of an underlying precept of public values quickly emerged as a theme found in state commission recommendations for reorganizing state government following the economic recession of 2007. Building from the discussion of American public administrative governance values in the literature review, the research showed that reform recommendations frequently cited certain governance values in their language – efficiency, economy, effectiveness, performance, accountability, transparency, equity, fairness. In analyzing the data, this study posits that inclusion of such values-oriented theme in reforms acted as a political tool to help frame the narrative around which the recommendation was being offered. What is referred to as a governance value theme offered for political purpose speaks to the notion that the work done by state reform commissions, that is, their recommendations for restructuring, redesigning, reorganizing, and resetting state government, are informed by and grounded in an overarching governance value to be achieved if implemented. In essence, the governance value to be pursued acts a political framing reference, integrating into the recommendation a popular political effect or purpose as an objective target to achieve. And in so doing, it offers a means for gaining popular and political support for the initiative while also boosting its technical credibility as substantive policy response. This concept first emerged – and perhaps best demonstrated – by a content analysis of each of the state reform commission names and report titles.

In looking at the listing of state reform commissions in Table 5, a common thread quickly materialized at the onset in that commissions, as evidenced by the committee’s title, suggest they were formed with a specific governance value mandate to achieve. Discussed throughout the coding of reform trends in the preceding sections, such a charge would inform how the
committee approached their work and ultimately the recommendations reported out in their results.

Shown in Table 9 below, of the thirty three state reports represented in the data, 66% had an identifiable public governance or administrative management value in the title of the report or name of the commission chartered to study state government reform. Pursuit of efficiency was the most often cited administrative and management public value found embedded in the title of state reform commission titles and names.
Table 9
Public Governance and Administrative Management Values Theme in the Title or Name of State Reform Commissions / Reports

<table>
<thead>
<tr>
<th>State</th>
<th>Value(s)</th>
<th>Commission / Report Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>Efficiency</td>
<td>Commission on Privatization and Efficiency</td>
</tr>
<tr>
<td>Colorado</td>
<td>Efficiency, Performance</td>
<td>Government Efficiency and Management Performance Review</td>
</tr>
<tr>
<td>Connecticut</td>
<td>Performance</td>
<td>Commission on Enhancing Agency Outcomes</td>
</tr>
<tr>
<td>Delaware</td>
<td>Performance</td>
<td>Government Performance Review</td>
</tr>
<tr>
<td>Florida</td>
<td>Accountability</td>
<td>Office of Program Policy Analysis and Government Accountability &quot;Annotated Listing of Legislative Recommendations (Report No. 11-23)&quot;</td>
</tr>
<tr>
<td>Indiana</td>
<td>Efficiency</td>
<td>Indiana Commission on Local Government Reform: Streamlining Local Government</td>
</tr>
<tr>
<td>Iowa</td>
<td>Efficiency</td>
<td>State Government Reorganization Commission</td>
</tr>
<tr>
<td>Kansas</td>
<td>Efficiency</td>
<td>Facilities Closure and Realignment Commission</td>
</tr>
<tr>
<td>Louisiana</td>
<td>Efficiency</td>
<td>Commission on Streamlining Government</td>
</tr>
<tr>
<td>Maine</td>
<td>Efficiency</td>
<td>Streamline and Prioritize Core Government Services Task Force</td>
</tr>
<tr>
<td>Michigan</td>
<td>Efficiency</td>
<td>Legislative Commission on Government Efficiency &quot;Charting a Way Forward: A Path Towards Fiscal Stability for the State of Michigan&quot;</td>
</tr>
<tr>
<td>Minnesota</td>
<td>Efficiency</td>
<td>Commission on Service Innovation</td>
</tr>
<tr>
<td>Nevada</td>
<td>Efficiency</td>
<td>Spending and Government Efficiency Commission</td>
</tr>
<tr>
<td>New Mexico</td>
<td>Efficiency</td>
<td>Committee on Government Efficiency &quot;Recommendations of Improving Government Efficiency&quot;</td>
</tr>
<tr>
<td>New York</td>
<td>Efficiency</td>
<td>Spending and Government Efficiency Commission</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Efficiency</td>
<td>Government Modernization: HB 2140 &quot;Consolidating the State of Oklahoma's Administrative Functions&quot;</td>
</tr>
<tr>
<td>Oregon</td>
<td>Efficiency, Performance</td>
<td>Governor's Reset Cabinet</td>
</tr>
<tr>
<td>Texas</td>
<td>Efficiency, Effectiveness</td>
<td>State Government Effectiveness and Efficiency: Selected Issues and Recommendations</td>
</tr>
<tr>
<td>Utah</td>
<td>Efficiency, Effectiveness</td>
<td>Advisory Commission to Optimize State Government</td>
</tr>
<tr>
<td>Virginia</td>
<td>Efficiency, Effectiveness</td>
<td>Governor's Commission on Government Reform and Restructuring</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Efficiency, Effectiveness, Accountability, Transparency</td>
<td>Governor's Commission on Waste, Fraud, and Abuse: Reforming Government, Eliminating Waste, Saving Taxpayer Dollars</td>
</tr>
</tbody>
</table>

In Table 10, one finds an increase in the frequency with which a public governance and administrative management value reform theme is present within state reform commission reports by looking beyond the title or name of the commission, and analyzing instead the content
of the study’s introduction, forward, or executive summary – where one was written as part of
the study’s findings. Introductions or executive summaries are largely written to summarize key
points for the reader with regards to the content of the succeeding report. They serve to set the
tone for the report and identify up-front the overall thesis to be discerned from the paper, as well
as provide an outline of the data found therein to support that thesis.

Similarly, reports integrated public governance and management reform values like
efficiency, effectiveness, performance, transparency, and accountability into their executive
summary as a means of offering an overarching reform theme to which recommendations would
be oriented towards achieving. A content analysis of commission reports that contained an
introduction, preface, or executive summary revealed an identifiable public governance and
administrative management value or values theme referenced in 83% of the reform
recommendation reports. See Table 10 below.
Table 10
Public Governance and Administrative Management Values Theme in the Introduction, Preface, or Executive Summary of State Reform Commission Reports

<table>
<thead>
<tr>
<th>State</th>
<th>Values Theme Embedded / Identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado</td>
<td>Efficiency, Effectiveness, Accountability</td>
</tr>
<tr>
<td>Connecticut</td>
<td>Efficiency, Accessibility</td>
</tr>
<tr>
<td>Delaware</td>
<td>Efficiency, Performance</td>
</tr>
<tr>
<td>Florida</td>
<td>Efficiency, Effectiveness</td>
</tr>
<tr>
<td>Georgia</td>
<td>Efficiency, Accountability</td>
</tr>
<tr>
<td>Illinois</td>
<td>Efficiency, Effectiveness</td>
</tr>
<tr>
<td>Indiana</td>
<td>Effectiveness, Accountability</td>
</tr>
<tr>
<td>Iowa</td>
<td>Efficiency, Accountability</td>
</tr>
<tr>
<td>Louisiana</td>
<td>Efficiency, Effectiveness</td>
</tr>
<tr>
<td>Maine</td>
<td>Efficiency, Effectiveness</td>
</tr>
<tr>
<td>Michigan</td>
<td>Efficiency</td>
</tr>
<tr>
<td>Minnesota</td>
<td>Efficiency, Accountability, Transparency</td>
</tr>
<tr>
<td>Nevada</td>
<td>Efficiency, Responsive</td>
</tr>
<tr>
<td>New Mexico</td>
<td>Efficiency</td>
</tr>
<tr>
<td>New York</td>
<td>Efficiency, Accountability</td>
</tr>
<tr>
<td>Ohio</td>
<td>Efficiency, Effectiveness</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Efficiency, Effectiveness, Performance</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>Efficiency, Accountability, Transparency</td>
</tr>
<tr>
<td>Tennessee</td>
<td>Efficiency, Effectiveness</td>
</tr>
<tr>
<td>Texas</td>
<td>Efficiency, Effectiveness, Performance</td>
</tr>
<tr>
<td>Utah</td>
<td>Efficiency, Effectiveness</td>
</tr>
<tr>
<td>Vermont</td>
<td>Effectiveness, Performance</td>
</tr>
<tr>
<td>Virginia</td>
<td>Efficiency, Effectiveness</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Efficiency, Accountability, Transparency</td>
</tr>
</tbody>
</table>

Thus in this vein placement of language in the introductory messages and executive summaries that addresses the political and management purpose of the reports support the notion that report recommendations are couched from a public administration and management values frame of reference. Such a framing is central to the descriptive model of state reform commission recommendations to be developed as its serves to engender both political and popular support for the commission’s efforts. Assuming reform commissions offered recommendations with the underlying intent to have them implemented by means of legislation or policy, reform
commission reports integrated values of public administration and management like efficiency, effectiveness, performance, accountability, and transparency to solidify support for their reforms. Specifically, it offers a simple proposition: if reform X is implemented, a positive change (i.e., increase) in value Y will be realized. Integration of reform values throughout reform commission studies – report introductions, commission titles and names – serves to create this politically influencing effect at the onset. This is not say, however, that those states not identified in Tables 9 or 10 produced reform reports that lacked this precept. On the contrary, it simply speaks to the fact that states not listed lacked a reform value theme in their commission’s title or report introduction. Reform values were instead found within substance of the reform commission recommendation language itself.

The inclusion of reform values in commission name and report executive summaries serves to reinforce one of the findings put forth as a result of the content analysis and research; that is, in building a model of reform, recommendations were proposed to achieve certain public administration and management values. By integrating these values into reform commission names, titles, and reinforcement throughout the language of the report which cites such values as impetus underlying the proposal, commissions create an influencing effect which serves to garner political and public support for the recommendation in order to increase the likelihood of adoption – the assumed goal of each reform commission’s work.

In coding reforms recommendations, the research showed that the public values-effect cluster of reform commissions reflected a belief that the goals of proposed changes in policy, program, or service delivery fell into four typological groupings: (1) Efficiency / Economy; (2) Effectiveness / Performance; (3) Accountability / Transparency; (4) Equity / Fairness. The coding of reform recommendations as being represented by one of these four public
administration and management values was often helped by the fact that the value itself – like commission, committee, and task force titles – was found embedded in the reform language or discussion surrounding the recommendation. Where exact syntax or synonyms for those reform categories were lacking in the proposal, their intent could nevertheless be found given the context of the reform recommendation and its intended result. Moreover, public values, like reform themes, often overlapped with another in the context of providing greater influencing effect in terms of recommendation acceptance and proponency for implementation and adoption.

The proposition that state commissions, both in their titles, and in the reform language proposed, sought to use value of administrative and public governance as a means to frame the political narrative around which the debate over the merits of implementing such reform recommendations would be focused is an important tenet of the reform model developed for state government reform commissions chartered in the wake of the recession. Through positioning a reform recommendation in the context of achieving greater efficiency, economy, performance, effectiveness, accountability, transparency, equity, or fairness in state government programs and operations, commissions would be better able to control the policy discussion around enactment, with the intent of ultimately influencing decision-makers – governors, state and local elected officials, lobbyists and affected interest groups – to adopt the reform. The enmeshment of a governance value objective with state commission reform proposals serves a dual purpose, both informing audiences and also driving the influencing efforts through information to help secure support and approval of the recommendation. Integration of public governance values in the descriptive model of state government reforms offers overarching focus upon which the reform is premised, what goal is to be achieved, and ties the themes with actions embodied by the recommendations themselves.
With a profile of state reform themes emerging from commission reports now complete, answers to the exploratory research question and hypotheses in the context of constructing a descriptive model of state government reform is explored.
Exploratory Research Question

What themes of government mutability and reform philosophies emerge from the recommendations of various state commissions, task forces, and agencies chartered to study state government programs and public administration redesign and delivery efforts during and in the immediate aftermath of the economic recession from 2007 to 2012?

Descriptive Model of State Government Reform Commissions: People, Relationships, Processes–Values (PRP-V) Reform Model

The exploratory research question, stated above, asked what themes of government change and reform philosophies emerge from state commissions looking to redesign state government operations during the five year period following the 2007 economic recession. In conducting the research, a descriptive model for depicting state government reform commissions emerged, described in what this research labels as the People, Relationships, Processes–Values (PRP-V) Reform Model; it explains reform themes through a linked network of public administration and management ecosystems, that, when advanced, are grounded in the context of a public governance effect to achieve or value to address.

With support for the model and substantive policy reforms articulated in depth in the preceding sections, presentation of the model below in the ensuing discussion attempts to tie the research’s findings together to create a descriptive model to describe state government reform themes for dealing with the budget and fiscal challenges of the recession during the five-year time period of 2007 to 2012. The model is not prescriptive but rather descriptive, explicating based on observational data the proposals for reforming, restructuring, and reorganizing state government catalogued and profiled in the preceding sections.
To answer the question of what themes of government mutability and reform philosophies emerge from the recommendations of state commissions, task forces, and agencies chartered to study state government programs and public administration redesign and delivery efforts during and in the immediate aftermath of the economic recession from 2007 to 2012, the results of the research have been categorically detailed thus far across three reform clusters, or tranches – people, relationships, and processes – with a discussion of the role of governance values to be achieved by the reform as a means to champion support for the commission’s proposal. This, in turn, has yielded to the development of a descriptive reform model termed PRP-V. That is, the government reform recommendations advanced by state reform and restructuring commissions accrete into groupings along three clusters or typologies of systems and institutions characterized by People, Relationships, and Processes. Together, these three clusters provide the larger, broad and enduring narrative around which state reform themes were aligned. Additionally, the three typologies of the reform narrative are also networked, crossing the spectrum of public policy areas, and most importantly, advanced to achieve an underlying political governance value that is embedded with politically popular idealistic notions of American public administration and management. The PRP-V Reform model is advanced as a means for explaining the thematic relationships and typologies that connect the reform recommendations and proposals found in the reports authored by the state reform and restructuring commissions analyzed in this study. The PRP-V Reform model is depicted in Figure 10 below.
The PRP-V reform model that is advanced is defined as a network of people, relationships, and processes-based ecosystems. As coding of the state reform commission recommendations progressed, it became evident that certain core themes and commonalities could be deduced from analyzing the reform language found in the commission reports. As reform recommendations were catalogued and coded, reforms tended to coalesce and gravitate around the three thematic clusters: People, Relationships, and Processes. The substance of each institutional cluster found within the descriptive model is comprised of those commonalities distilled from the hundreds of reform recommendations offered by the states, and represent a means for conceptually categorizing and ordering reform proposals along shared similarities based on their underlying intent or target within state government.

A central tenet of the PRP-V reform model purports that both reform commissions and its recommendations were informed by a particular value or values of governance to be achieved by
its efforts. This is represented by the Values dimension of the model, and is purported to be used as an influencing language integrated into reform recommendations as a means to secure political and popular support for the reform proposal.

The PRP-V Reform model constructs a typology of state government mutability through an ecosystem of reform recommendations that thematically accrete into one of three clusters of public policy, and program delivery and implementation. And while there are three typological reform clusters – People, Relationships, and Processes – these thematic tranches do not retain rigid divisions or barriers in relation to each other and the reforms put forth by commissions. Rather, it is the underlying shared characteristics of the reform along public employee workforce, political arrangements, or process reengineering lines that provide an overarching unification across the reforms typecasting within People, Relationships, and Processes. Further, the literature review and discussion and dissection of the state reform commissions using the multiple streams heuristic in chapter two provided the framework conceptually for the subsequent development of the model along People, Relationships, and Process groupings. Thus, supported by the research findings, a descriptive, positivist model for state government reform is organized around a People, Relationships, Processes and Values narrative.

People as a cluster of reform narratives is conceptualized as the institutions of human capital that are the public employee workforce, and the workplace policies, rules, and systems surrounding the employer-employee relationship between state government and public employees. Reform themes that serve to provide substantive policy clarity in terms of affecting the state government employer-public employee relationship entail: workforce size and cost; features of public workforce’s pay and compensation system, to include specific aspects of wages and salary, overtime policies, and merit-performance pay systems; public employee
benefits, to include healthcare, paid leave, parking, and wellness promotion benefits; public-private sector pay parity; span of control in terms of the ratio of employees to supervisors; alternative work schedules; professionalization initiatives; civil service system reforms; collective bargaining rights of public employees; and legacy costs in the form of pensions and associated healthcare costs of public employee retirees.

Relationships as a cluster of reform narratives is conceptualized as those reform recommendations that are thematically linked by initiatives seeking to alter arrangements, relationships, and policies of political institutions. Reforms grouped under the Relationships cluster possess a shared commonality of political fiscal institutions and intergovernmental structures and arrangements. Reforms offered by state efficiency commissions affecting political relationships and institutions were defined along the following traits: intergovernmental relations, consisting of four separate dimensions of state-local and intra-state relations, inter-state partnerships, mandate and regulatory reform, and number of local political subdivisions; fiscal federalism; state budgeting and fiscal management, illustrated by budget processes, inter-fund transfers, and state-local intergovernmental transfers; and revenues, articulated by initiatives calling for the securitization or sale of state assets and structural changes to fee and tax systems.

Processes as a cluster of reform narratives is conceptualized as the institutionalized aspects of management networks, policies, systems, and processes in place that enable public program, policy, and service delivery and implementation. Processes as a reform theme signals the administrative and management structures, policies, and systems employed for making state government operate in carrying out public programs and services. The specific trends that emerge from the research and coding that bring definition to Processes as a thematic grouping include: adaptation of a New Public Management (NPM) approach to public administration and
management, illustrated by states efforts at achieving economies of scale in government functions, privatization and contracting out of government service provision, and encouragement of entrepreneurial management; adopting Performance Management (PM) principles to both a state’s public employee workforce, as previously discussed in the People cluster, but also in the state’s dealing with private vendors and public program delivery; reengineering initiatives to reshape and reorganize state bureaucracies as well as integrating information technology advances in to government operations; and implementation of various management improvements as state government’s administrative apparatus and costs have grown, targeting items such as office space utilization, state employee travel, and state vehicle and aircraft fleets.

The integration of public governance values provides an informational and influencing dimension that underscores both the reform themes as well as the specific recommendations of state reform commissions. The language of reform proposals was often couched from a governance value that would be achieved through implementation of the reform. The model advances four separate values themes found in state government reforms: efficiency and economy; effectiveness and performance; transparency and accountability; and equity and fairness. The model’s clusters are both relational and reinforcing, as themes interact with and overlap across clusters, and in the context of a public administrative governance value that underscores the reform themes purpose in affecting the public administration and management of state government programs and services.

Figure 11 aggregates the research findings to evince a descriptive model of reform themes that can be found in the recommendations advanced by state government reform and efficiency commissions for reorganizing and redesigning state government programs, services, and bureaucratic systems and processes.
Four exploratory hypotheses were developed within the exploratory research question. Exploratory hypotheses 1a through 1d are each answered in-turn based on development of the research finding’s reform themes previously outlined.

**Exploratory Hypothesis 1a.** The recommendations for reforming state government provided by state reform commission reports will reflect New Public Management (NPM) paradigmatic tenets.

The research findings support H1a, as state government reform commission reports reflect New Public Management tenets. Within the reform cluster of Processes, New Public
Management-based reform themes amongst state commissions were found in the context of three dimensions: economies of scale for purchasing, privatization and contracting-out, and liberation and entrepreneurial management. With respects to New Public Management-focused reforms being reflected by proposals for reforming state government, eighteen state commissions offered recommendations that adapted an economic orientation to government services, and specifically, achieving economies of scale; sixteen states offered reforms characterized by the privatization and contracting out of government service delivery; and seven states advanced reforms that were underscored by notions of entrepreneurial inspired management to liberate bureaucrats and empowers increased flexibility in fulfilling their public duties. Support for confirming the presence of New Public Management-based reform themes can thus be found in the research.

**Exploratory Hypothesis 1b.** *The recommendations for reforming state government provided by state reform commission reports will reflect Performance Management (PM) paradigmatic tenets.*

The research supports H1b, as Performance Management tenets being found in the state reform commission reports for reforming state government. Within the Processes reform cluster, Performance Management-focused reforms were delineated across two aspects of state government operations – civil service workforce and programs, service delivery, and contracts – with 11 and 12 state commissions offering those Performance Management-based reform themes, respectively.

**Exploratory Hypothesis 1c.** *The recommendations for reforming state governments provided by state reform commission reports will reflect the reform tradition values and themes laden in the development of American governance and public administration.*
The research supports H1c, as state government reform commission reports reflect the reform tradition values and themes laden in the development of American governance and public administration. Specifically, reforms offered by state commissions were found to gravitate towards four value-sets: efficiency and economy; effectiveness and performance; accountability and transparency; and equity and fairness. Common throughout state reform recommendations were themes of these four-value sets embedded within commission suggestions and initiatives. Moreover, as discussed in the model of reform previously developed, these reform tradition values were integrated into reform recommendations as a means to influence support for approval of the reform being offered by providing a governance value to be achieved by the reform. Thus, the research supports confirmation of H1c.

**Exploratory Hypothesis 1d.** *The recommendations for reforming state government provided by state reform commission reports will cut across all major policy areas of state spending or policy functions to produce public policy reforms.*

The research supports H1d, as state government reforms spanned all areas of government, cutting across policy sectors, functions, processes, systems, institutional arrangements, and bureaucratic agencies and departments. Detailed in the preceding sections, and development of the reform model, recommendations for reforming state government encompassed all dimensions of public administration, management, policies, programs, and services.
Chapter 4 Summary

A descriptive model characterizing state government reform, efficiency, and redesign commission efforts was developed based on the research. Characterized as a People, Relationships, Processes-Values model, the findings proposed that state commission reform themes accrete across three broad clusters in the context of public administration and management institutions – People, Relationships, and Processes – with public Values integrated into the language of reforms by commissions as a means to garner support for that reform recommendation.

The PRP-V Reform model was developed as themes from the coding of reform reports and commission recommendations began to emerge and accrete around distinct yet interconnected ecosystems of public administration and management concepts. It is presented in response to the exploratory research question and its four exploratory hypotheses H1a, H1b, H1c, and H1d, and used to answer the question that lies at core of this research: to uncover a typology of reform themes that emerges at the confluence of various government and policy reform initiatives being proposed at the state level. Two precepts underscore the descriptive model of state commission reform themes. First, reform themes overlap, often cutting across clusters and policy areas. Second, the public governance values are used in reform languages as a framing mechanism integrated into the reform recommendation. The research implies that incorporation of the public governance value to be achieved by the reform proposal is done so to bolster support and help secure enactment of the recommendation into policy or legislative statute. A descriptive model of state commission reform themes is summarized in Figure 11.

The chapter also addressed the exploratory research question presented in chapter three. The descriptive model of reform themes accreting from state government reform, efficiency, and
redesign commissions efforts is depicted. With respects to each of the exploratory hypotheses nested within the exploratory research question, the research presents observations in support of H1a, H1b, H1c, and H1d. Tenets of both NPM and PM paradigms found in the reform themes and advanced by state government reform commissions, while democratic governance values of efficiency, economy, effectiveness, performance, transparency, accountability, equity, and fairness emerged as a structural component and theme of the reform commission recommendations. Finally, reforms were also found to cut across all policy areas of state government public administration and management to include public policy sectors, functions, processes, systems, institutional arrangements, and bureaucratic agencies and departments.
Chapter 5

Conclusion

This chapter summarizes the research project and presents a descriptive model for state government reforms commissions between 2007 and 2012. Reform proposals by state government commissions formed to study government programs, systems, workforce costs, structures, policies, and political arrangements clustered around three broad typological groupings: People, Relationships, and Processes. A fourth cluster, Public Values, was integrated as an undercurrent found overlapping throughout each of the other three, used by committees with a dual role to both inform and influence as a mechanism to explain, and in turn, champion, support for governmental reform proposal.

Titled the People, Relationships, Processes–Values (PRP-V) model, it identifies the thematic accretion of state government reform initiatives proposed to deal with the fiscal constraints following the national recession from 2007 to 2009, and in its wake through 2012. Contributing to the public administration literature, the research applies multiple streams as a heuristic to describe the environment in which states developed reform commissions, and in constructing the PRP-V model that emerged to explain what thematic linkages, from a public administration and management framework, existed amongst states looking to reform the size, scope, and even purpose of state government programs.

The study adds to the rich tradition of reform as a component of the public administration and management field, tendering a descriptive, positivist model that illustrates, in the aggregate, how state governments respond using a focusing event of a recessed economy – from an administrative, managerial, organizational, and institutional relationship and processes perspective – to fiscal and budget resource pressures. As exploratory research that used baseline
data from the published reports of state commissions, the study did not test theory but rather produced a descriptive state government reform model using exploratory research questions and hypothesis to generate hypotheses that could be applied for testing in future research.

**Fiscal Crisis and Agenda Setting**

Originally stated in chapter one, this research project sought to conceptualize the substantive tenets of reform that delineate the political, fiscal, and administrative principles and recommendations for government mutability at the state level in the context of fiscal crisis and a recessed-economy. The purpose of the study was twofold. First, identify the government and public administration reform themes and typologies which emerge at the confluence of various state government reform commissions and agencies formed during and in the wake of the recession of 2007. In a depressed economic milieu, it answers how states responded – from a public administration, institutions, and policy reform perspective – to the ensuing fiscal and budget challenges.

Accordingly, one objective of the research was to use content analysis in order to synthesize a model and typology of public administration and government reforms in the context of state budgetary and fiscal crisis. Linking this purpose to the heuristic applied in the study, multiple streams, it set out to develop, integrate, and articulate the problem, politics, and policy streams being proposed by governors and legislatures alike in reforming state government. The second goal of the study was to examine the convergence of those reform themes emerging from the content analysis in the broader context of the reform tradition within public administration, and prevailing normative paradigms that address political, fiscal, and administrative perspectives within the literature.
In the study, Kingdon’s (1995) multiple streams was used as a heuristic for agenda setting and provided a useful reference from which to study, organize, and subsequently understand the factors that go into policy formulation. The multiple streams framework contends that the windows of opportunity needed to facilitate action and policy change open when a focusing event or crisis occurs, thereby rationing the attention of policymakers on a particular policy problem or issue. For this study, the economic recession and financial crisis provided that focusing event. Diminutive revenues forced increased competition within state budgets for resources to fund public programs and services in state capitals across the country.

Framing the economic milieu in which states were faced with difficult political decisions on spending is the bleak outlook put forth in the Pew Center’s 2010 *State of the States* report, previously conveyed in chapter one. The report’s theme was a simple one: “reshaping government.” It stated:

> Around the country, the worst economic downturn since the 1930s forced states to consider new ways of thinking about what could be a slimming down of government lasting several years. Once states get past the immediate crisis of plugging record-high budget gaps, they will confront the likelihood that the recession will impose permanent changes in the size of government and in how states deliver services, who pays for them and which ones take priority in an era of competing interests. (p. 2)

The fundamental research question resting at the core of the exploratory research, then, asked what themes of government mutability and reform philosophies emerge from the recommendations of various state commissions, task forces, and agencies chartered to study state government programs and public administration redesign and delivery efforts during and in the immediate aftermath of the economic recession from 2007 to 2012.
A Descriptive Model for State Government Reform Commissions

Using content analysis, the study developed a descriptive model depicting the interaction and relational context of reform recommendations proposed by state legislatures and governors pursuing both redesign and restructuring efforts focusing on the political, institutional, constitutional, fiscal, and management components of government. Reforms were found to accrete across three separate clusters or typologies of themes, with the integration of governance values across each cluster. The descriptive model of state government reform themes that emerged from the research was characterized as People, Relationships, Processes-Values Reform model, or PRP-V for short. It explains reform themes through a linked network of public administration and management ecosystems, that, when advanced, are grounded in the context of a public governance effect to achieve or value to address.

People as a cluster of reform narratives is conceptualized as the institutions of human capital that is the public employee workforce, and the workplace policies, rules, and systems surrounding the employer-employee relationship between state government and public employees. Reform themes that serve to provide substantive policy clarity in terms of affecting the state government employer-public employee relationship entail: workforce size and cost; features of public workforce’s pay and compensation system, to include specifically aspects of wages and salary, overtime policies, and merit-performance pay systems; public employee benefits, to include healthcare, paid leave, parking, and wellness promotion benefits; public-private sector pay parity; span of control in terms of the ratio of employees to supervisors; alternative work schedules; professionalization initiatives; civil service system reforms; collective bargaining rights of public employees; and legacy costs in the form of pensions and associated healthcare costs of public employee retirees.
Relationships as a cluster of reform narratives is conceptualized as those reform recommendations that are thematically linked by initiatives seeking to alter arrangements, relationships, and policies of political institutions. Reforms grouped under the Relationships cluster possess a shared commonality of political fiscal institutions and intergovernmental structures and relationships. Reforms offered by state efficiency commissions affecting political relationships and institutions were defined along the following traits: intergovernmental relations, consisting of four separate dimensions of state-local and intra-state relations, inter-state partnerships, mandate and regulatory reform, and number of local political subdivisions; fiscal federalism; state budgeting and fiscal management, illustrated by budget processes, inter-fund transfers, and state-local intergovernmental transfers; and revenues, articulated by initiatives calling for the securitization or sale of state assets and structural changes to fee and tax systems.

Processes as a cluster of reform narratives is conceptualized as the institutionalized aspects of management networks, policies, systems, and processes in place that enable public program, policy, and service delivery and implementation. Processes as a reform theme signals the administrative and management structures, policies, and systems employed for making state government operate in carrying out public programs and services. The specific trends that emerge from the research and coding that bring definition to Processes as a thematic grouping include: adaptation of a New Public Management (NPM) approach to public administration and management, illustrated by states efforts at achieving economies of scale in government functions, privatization and contracting out of government service provision, and encouragement of entrepreneurial management; adopting Performance Management (PM) principles to both state’s public employee workforce, as previously discussed in the People cluster, but also in the state’s dealing with private vendors and public program delivery; reengineering initiatives to
reshape and reorganize state bureaucracies as well as integrating information technology advances in to government operations; and implementation of various management improvements as state government’s administrative apparatus and costs have grown, targeting items such as office space utilization, state employee travel, and state vehicle and aircraft fleets.

The integration of public governance values provides an informational and influencing dimension that underscores both the reform themes as well as the specific recommendations of state reform commissions. The language of reform proposals was often couched from a governance value that would be achieved through implementation of the reform. The model advances four separate values themes are found in state government reforms: efficiency and economy; effectiveness and performance; transparency and accountability; and equity and fairness.

Organized around this People, Relationships, Processes and Values narrative, a descriptive model of state government reforms themes is depicted in Figure 11 on page 296. One of the central tenets of the PRP-V model above is that, similar to the interaction between the streams within multiple streams, whereby the problem, politics, and policy streams are not mutually exclusive, neither are the reform clusters of the model. In the multiple streams heuristic, the politics stream does not occur in a vacuum without influencing public officials to act. Rather, the budget and fiscal fissures of distress caused by the recession couple and become amplified by a political milieu that becomes mobilized against government spending in general, and an earnest desire to lessen the scope and size of government in the face of a mired-down and anemic fiscal condition of state government. Similarly, reform theme clusters comprised overlapping ecosystems of policy networks ultimately linked by shared governance values and associated policy reform goals. That is, in building a model of reform, recommendations were
proposed to achieve certain public administration and management values. By integrating these
values into reform commission names, titles, and reinforcement throughout language of the
report which cites such values as impetus underlying the proposal, commissions were able to
generate an influencing effect which served to garner political and public support for the
recommendation in order to increase the likelihood of adoption – the assumed goal of each
reform commission’s work.

The reform typologies that materialized from the content analysis show that certain
reform tradition values of democratic governance, found in the development of American public
administration act as cross-cutting themes across major areas of state government spending as
well as cemented in normative, prescriptive paradigms of governance popular both politically
and ideologically. Such a framing was central to the descriptive model of state reform
commission recommendations developed as it served to engender both political and popular
support for the commission’s efforts. Assuming reform commissions offered recommendations
with the underlying intent to have them implemented by means of legislation or policy, reform
commission reports incorporated values of public administration and management like
efficiency, effectiveness, performance, accountability, and transparency to solidify support for
their reforms.

The utilization of the multiple streams framework as heuristic for analyzing state
government reform commission efforts in the context of fiscal crisis proved particularly apt
given the role it places on focusing events in creating a window of opportunity for policy change
to occur. Focusing events serve to drive agenda setting within the heuristic, and provide an
opportunity in which substantive policy change and actors to interact, sometimes in pursuit of
serious public program redesign. The role and robustness of multiple streams as a legitimate
heuristic for explaining the policy process and impetus underlying public policy reform, and in particular the context in which state reform commissions were created, is not only demonstrated by this research at the state level, but its increasing use at the federal level as a model for writing legislation. This was demonstrated most recently by the federal Budget Control Act of 2011, whereby a focusing event of spending cuts, also referred to as sequestration, would presumably be so unappealing to both political parties that a window of opportunity was codified into law as a means of creating political leverage to force federal spending policy reforms.

The paper also demonstrates, however, that there are dividends to be paid by state governments of learning from what works in terms of government program structure, design, and policy, and building from that generic framework to tailor to their own specific political socioeconomic needs. There is utility in looking to the past in discussing the future, and in particular, state government reform themes and patterns produced by this analysis. That is, despite declarations concerning the death of the public administration orthodoxy, elements of the orthodoxy seem alive and well. Long disregarded as outdated given political and administrative realities of a complicated, expanded post-World War II bureaucracy, ghosts of Taylor’s scientific management and “one best way” approach retain their prescriptive appeal amongst elected officials at the state level, particularly in terms of reforms that focused on the governance value of efficiency in proposing policy and institutional changes. To the extent that reforms offered by states were a reflection of incrementalism, the construct of a government reform commission at the larger macro-scale to analyze state government as a whole illustrates the comprehensiveness of an approach in addressing scarcity and competition for resources created by downturns in the economy at the state level.
In some respects, the PRP-V model developed in this research also extends the work of Light’s (1997) four reform themes at the federal level. Comparing this work to that done by Light (1997), similarities and differences materialize. While Light (1997) modeled reform themes at the federal level, this research focused on the state governments, and in particular, reform commissions which formed against the backdrop of economic recession and constrained fiscal milieu confronting state policymakers. Light (1997), on the other hand, reviewed federal legislation and statutes over the course of several decades in deriving his reform model. From his research, four themes emerged: scientific management, war on waste, watchful eye, and liberation management. In Light’s (1997) model, individual values were found embedded within each of the reform themes, and in essence, charted reforms using values as the thematic. For example, efficiency was associated with scientific management, fairness and accountability with watchful eye, economy with war on waste, and performance with liberation management.

This stands in contrast to the treatment of governance and democratic values within the PRP-V reform model, in which reform values lie at the center of reform clusters, overlapping and integrated across reform theme clusters in order to frame the political and administrative governance arguments for implementing commission recommendations. The PRP-V model’s people, relationships, and processes themes reflect an emphasis on reform couched from a topical public administration and political relationships orientation. Though both the PRP-V model and Light’s (1997) four reform themes use values to explain governance reforms, the PRP-V model charts reforms using clusters of administrative and management focused topics, integrating values as the medium through which commission reforms are communicated for political and information purposes.
What the Reform Model Leaves Out

The construct of state governmental reform commissions with a charter to study and dissect the large swatch of state government programs and services is reflective of a comprehensive, “umbrella-like” approach to governmental reengineering, reform, restructuring, redesign, and reorganization. That is not to say, however, that the themes of reform which emerged in developing the clusters used to describe governmental reengineering efforts by state reform commissions do not omit certain aspects of government administration, management, and policy at the state level.

Single Focus Studies

Returning to a delimiting factor of the study first indentified in the introductory chapter, single focus reform commissions and studies were not included as data in the research design. The extent to which the PRP-V reform model does not reflect greater emphasis on issues such as pensions or mandates through use of descriptive statistics on the data does not necessarily mean the state neglected to target specific policy topics for reform, and in this regard can present an inaccurate depiction of state reforms.

Comparing the PRP-V model to that of an “umbrella,” the research is a snapshot of state reform initiatives of an “umbrella-like” characteristic, encompassing in the data reforms from those states with most comprehensive of charters in reforming state government while leaving single focus studies outside of the study. While this is by design, it must be noted that the inability of the model to capture specialized, in-depth studies on specific governance topics within state government does not signal a state’s inattentiveness to pressing governance issues for reform at the state level.
States Lacking a Reform Commission

Though a comparative state study, 17 of the 50 states were not represented in the data due to the unavailability of a state reform commission report. States not represented in the study for lack of a reform commission report included: Alabama, Alaska, Arkansas, Idaho, Kentucky, Massachusetts, Mississippi, Montana, New Hampshire, New Jersey, North Carolina, North Dakota, Rhode Island, South Carolina, South Dakota, West Virginia, and Wyoming.

From a regional and geographic standpoint, no homogeneity exists amongst the states not having reform commission report as baseline data in the study. Alaska is outside the continental United States, while the northeast, mid-Atlantic, south, northwest, and Midwest are all represented within the seventeen. Therefore, geography did not play a factor in a state’s propensity to commission a reform committee. In looking at other possible characteristics that exist amongst the 17 states without commission reports, similar comparative dissociations emerge. For example, no commonalities are present amongst the 17 states in terms of fiscal federalism and the amount of federal funds that goes towards their respective state budgets. A Pew Center on the States graphic (2013) that depicts the amount of federal funding directed to state budgets shows that the 17 states in question receive federal funding levels ranging across the spectrum, accounting for as low as 20-29% in Alaska, Hawaii, New Jersey, and North Dakota, to 49% in Mississippi, which is the most heavily reliant on federal funds for its state budget. Therefore, the amount of federal funding to the states as a percentage of a state’s budget does not appear to be a unifying characteristic associated with a state’s decision to not charter a government reform commission.

But while the amount of federal funding to states as a percentage of a state’s budget is not a unifying characteristic amongst the 17 outstanding state reform commission reports, a state’s
share or percentage change in federal funds from 2007 to 2011 does suggest a common attribute. According to a second Pew Center on the States (2013a) illustration, 14 of the 17 states not included in the study had a percentage change in federal funding below 25%, increasing at a rate slower relative to 21 other states that saw a percentage change in federal funding from 2007 to 2011 at a rate of 26% of greater. Fourteen of the 17 states without a reform commission report saw their share of federal funding increase from -17% (North Dakota) to 25% (New Jersey) (The Pew Center on the States, 2013a). Thus, the percent change or share of federal funding during the stimulus bill period of 2007 to 2011 is a possible unifying characteristic amongst states that did not charter a reform commission, with those states experiencing the lowest rates of growth in federal funding more likely to have not formed a governance reform commission than those that did. States experiencing slower rates in growth as a percentage change in federal funds might suggest a somewhat healthier state fiscal climate during the period of 2007 to 2012, hence lessening the need for a comprehensive reform and efficiency commission to study state government programs, policies, and services. Without empirical comparative analysis that analyzed states without reform commissions, such a conjecture remains anecdotal at best.

Similarly, political party control is yet another possible commonality existent amongst states lacking a reform commission report. Nine of the 17 states without reform commissions were classified by the Pew Center on the States (2013b) as “strong Republican” or “strong Democrat,” defined as having one-party control of the legislature and governor. Where one party control exists in both the legislative and executive branches, it is possible that the need for a reform commission to analyze state government is diminished. Where party dominance is present, it is plausible that the need to charter a commission to publish a study of recommended proposals couched from a public administration and governance values perspective of improving
efficiency, accountability, and performance from an informational and influencing dimension is less important. One party control of both the legislature and governor’s office conceivably allows lawmakers and the governor to more easily push through a package of state reforms without relying – from a political perspective – on the technical, objective, and neutral study of a reform commission chartered to examine governance programs and services.

Though the study did not examine the reasons and characteristics amongst states lacking commission reports in the study, the field might benefit from future empirical, comparative state analysis with regards to discerning common socioeconomic and other variables that explain states that formed reform commissions within the context of the research setting versus those that did not.

**Citizen Engagement**

While there was citizen engagement within the commissions themselves in the respects that certain states looked to business and community leaders to serve on the reform boards, and commissions themselves often utilized mechanisms of promoting their findings by creating commission websites on which products would be posted, and held community meetings to both collect citizen feedback and publicize their efforts. However, the extent to which citizen engagement constituted a theme found embedded within the reform recommendations put forth by commissions is lacking.

**New Public Service vs New Public Management**

New Public Management as an approach to public administration and management championed an increasingly privatized, business, market, and entrepreneurial-based approach to government, exalting values of efficiency and performance in the administration of governance. Denhardt and Denhardt (2000, 2011) argue whereas New Public Management, when compared
to old public administration, with its characteristically rigid and rule-based systems of personnel and budgets, emerges as the superior model for public administration, a better comparison is to contrast it with that of New Public Service. In setting up this comparison between old public administration, New Public Management, and New Public Service, Denhardt and Denhardt (2000, 2011) use a transitional analogy, with public administration having moved along a continuum of rowing (old public administration), to steering (New Public Management) and finally serving (New Public Service) the bureaucratic institutions of government. Central to the New Public Service construct for public administration and management is the notion that the principal role of the public manager is that of service to citizens and government, working in concert to meet shared interests and goals (Denhardt and Denhardt, 2000, 2011).

Characterized as “an important and viable alternative to both the traditional and the now-dominant managerialist models,” New Public Service offers seven lessons for public administration that as conceptual tenets that underpin the model (Denhardt and Denhardt, 2000, p. 557). Excerpted from Denhardt and Denhardt (2000), the seven lessons offered by New Public Service for public managers include: serve, rather than steer, recognizing a shift in roles of administrators from the steering of government administration, to working to meet the community and shared goals of citizens and society they serve; service that is in the public interest is the overriding aim and not a by-product; strategic thinking, democratic action, and collaborative processes and mechanisms define public policy and program development and implementation; public administrators serve citizens and not customers; the accountability of public managers extends beyond economics, encompassing statutory regulations and constitutional law, community values, political norms, professional standards, and interests of
citizens; citizens and people are valued, not productivity; and as a value, public service is exalted above that of entrepreneurship.

In the same vein of citizen engagement, reforms not offered by commissions, and therefore largely absent from the model, included notions of the New Public Service paradigm, whereby service to and empowerment of the citizen by government and bureaucrats is the focus (Denhardt and Denhardt, 2000). Though one could argue that in the abstract, the impetus underlying state government reform commissions denotes a manifestation of New Public Service and its ideals of citizenship, community, and building public institutions of integrity, its ideals of democratic citizenship and community remained principally lacking in terms of emerging as a separate reform theme to which the commissions might seek to mold government.

However, where opportunity existed for the congruity between the New Public Service framework and the PRP-V model developed in this paper is the values dimension of both models. As Denhardt and Denhardt (2000, p. 557) note, “[I]n a democratic society, a concern for democratic values should be paramount in the way we think about systems of governance. Values such as efficiency and productivity should not be lost, but should be placed in the larger context of democracy, community, and the public interest.” From the research conducted, the model describes how values emerged as a central component with dual purposes. Values were used to structure not only the grounds on which the recommendation would be supported, but offered a persuasive argument in favor of the initiative. The values of efficiency, economy, and performance emerged as the principal values found to be embedded within the proposals of state government reform commissions. To the extent that the values of accountability and responsiveness were incorporated within the reform recommendations of the model, they are to a lesser degree than that of efficiency, performance and economy, and much lesser than which
would be expected by governance reforms that would better align with a New Public Service framework that subordinates other concerns to that of democratic citizenship and the public interest.

Reforms focused overwhelmingly on achieving values of efficiency and performance were not necessarily aligned with those of putting citizens at the forefront of government services and programs. So while the values dimension remains a shared commonality between the PRP-V model and New Public Service, the baseline data on which the descriptive model is based demonstrates more of a focus on efficiency and productivity initiatives on the part of state reform commissions, and less on accountability. Though commissions did indeed recognize the importance of their work in the larger context of striving to be responsible stewards of citizen resources within a democratic government, and in that sense, serving in the greater public interest, commissions advanced their reforms couched from efficiency and performance as a means of achieving such notions of accountability; that is, through efficiency reforms, accountability and responsiveness in government could be achieve through its cadre of public administrators.

**Agenda for Future Research**

As exploratory research that used baseline data from the published reports of state commissions, the study did not test theory. Rather, using the multiple streams as a heuristic for explaining the milieu in which reform commissions were formed, the dissertation produced a descriptive state government reform model using exploratory research questions and hypothesis to generate hypotheses for testing in future research.

The research and subsequent reform model constructed represents a contribution to the research in terms of a providing a descriptive framework for understanding how state
government’s responded to the fiscal challenges brought about by the 2007 financial crisis by the reorganization and redesign initiatives targeting state government operations, programs, services, and institutions of public administration and management. The research filled a gap in the literature by constructing a descriptive model for charting, thematically, reforms proffered by states government reform commissions for amending the public workforce, administration, management, organizational, and political institutional relationships and processes of state government following fiscal distress. This study has contributed to the rich and robustly studied topic of government administration and public management reform in public administration, and has sown the seeds of a healthy research agenda from which valid avenues of academic inquiry could further enrich the field.

**Introducing Variables for Hypothesis Testing**

The data collected for conducting this study was baseline, comprised of the recommendations from state government reform commissions. The discipline could benefit from future research that incorporates additional background variables, particularly regarding the legislative and political factors of the states to the baseline data, in order to help develop hypotheses that can be tested. Examples of such research could include: testing the variable of legislative professionalization within the framework of public administration reform and the efforts by state government reform commissions formed between 2007 and 2012; testing Elazar’s (1966) political culture index of the states against that of state commission reform proposals; and incorporating political factors of party dominance and control within legislative and executive branches, aspects of lobbyist influence, and various socioeconomic and demographic variables within the states to test against policy outcomes present further
opportunities for research using the baseline of state reform commission reports and descriptive model developed.

Building from the section earlier concerning what the reform model leaves out, the fact that the model did not capture reforms from single focus commissions or seventeen states due to lack of a government reform and efficiency report likewise expands the research agenda. This study utilized, for lack of a better term, “umbrella-type” commissions with a charge of examining governance reforms across all boundaries of administrative, institutional, and programmatic aspects of state government. Single focus commissions, on the other hand, are formed with a singular policy focus or topic to investigate. Pennsylvania, for example, has previously utilized single focus commissions to study and advance reforms for its transportation and mandate policy, among others. A drawback of the model, states that have embarked upon such singular policy studies, and having advanced reforms along those policy themes, are not represented in this design. Future research should be designed so as to account for such single issue commissions in order to develop a more representative model of reform at the state government level, particularly in the context of competitive fiscal climates for state budgets.

Expanding the scope of the design might also serve to capture additional state reform data for inclusion in the study. While seventeen states were not included in this research, incorporating single issue commissions would serve to capture additional state data where this study was lacking. Knowing there were seventeen states not included in this study, investigation as to the variables most likely to lead to the formation of a reform commission at the state level presents yet another opportunity for future research. An empirical comparative state study could examine a host of political and socio-economic variables for explaining state reform commission formation. With state reform commissions as the dependent variables, data could be collected on
an array of independent variables, from legislative professionalization, gubernatorial power, political party control, strength of legislative leadership, interest group strength, to unemployment, unionization, and state credit ratings for use in predicting factors found to be associated with the chartering of state government reform commissions. In terms of mapping a future research agenda, reflections on what the PRP-V reform model failed to capture serves to chart the best course for future research concerning governance reforms at the state level moving forward.

**Policy Implementation**

A final avenue of inquiry for future study, in the context of this research, is to examine state government reforms from a public policy implementation perspective. In exploring briefly the implementation dimension, it is useful to understand how public policy is defined, and its relationship to implementation. A definition of public policy is offered by Anderson (1975, as cited by Hill & Hupe, 2009, p. 5): “A purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern…Public policies are those policies developed by governmental bodies and officials.” The underlying theme that materializes from this definition is the linkage between “means and ends” that are in some way related to one another (Hill & Hupe, 2009, p. 5). Implementation, then, can be viewed in its simplest form as the linking of means and ends as it provides the nexus between purposive and calculated decision-making to some aspect of the current socioeconomic condition requiring government intervention and redress. It is the incorporation of, and focuses on, the relationships and processes required in carrying out policy decisions that establish policy implementation as a distinct endeavor in the public policy sciences. Note the conceptual framework of the
implementation process put forth by Sabatier & Mazmanian (1980), bridging problem, output, and action by writing:

Implementation is the carrying out of a basic policy decision, usually made in statute (although also possible through important executive orders or court decisions). Ideally, that decision identifies the problem(s) to be addressed, stipulates the objective(s) to be pursued, and, in a variety of ways, ‘structures’ the implementation process.

Policies are promulgated in response to a socioeconomic problem. Moreover, public policy necessarily involves results and consequences, whether intended or unintended, and requires purposeful action to affect such results. Whether it is articulated as the “connection between the expression of governmental intention and actual results” (O’Toole, 1995, p. 43), or “what develops between the establishment of an apparent intention on the part of government to do something, or to stop doing something, and the ultimate impact in the world of action” (O’Toole, 2000, p. 266), implementation’s hallmark tenets remain constant; that is, identification of a societal problem, formulation of a solution to remedy and address the problem, and causal actions intended to fulfill desired policy outcomes and objectives.

Given this understanding of implementation, to what extent is it important as a stage within the policy process? As Smith (1973) contends, policy implementation often assumes that not only will implementation occur once decision-makers have formulated and enacted a policy, but that implementing actions will produce the anticipated results of policymakers. Accepting this as fact, one then would argue that the extent to which implementation as a stage of the policy process is of paramount importance. This does, however, assume a stagiest model or approach to the public policy cycle. Anderson (as cited by Hill & Hupe, 2009, p. 115), viewed the policy process “as a sequential pattern of action involving a number of functional categories of activity
that can be analytically distinguished…problem identification and agenda formation, formulation, adoption, implementation, and evaluation.” Scholars from within the field have sought to debunk the stagiest approach as a ‘model’ or ‘theory,’ instead classifying it as an analytical framework (Hill & Hupe, 2009). Despite criticisms to the shortcomings of a stagiest model, when viewing the policy cycle from a dynamic perspective and framework, implementation comes to represent a “scholarly theme” or sub-heading of its own (Hill & Hupe, 2009, p. 120). It is in this context the importance of implementation to the policy process is underscored, and its importance reinforced.

The research was descriptive in method and scope, focusing on building a model of state government reform themes through baseline data found within state commission reports. Interrelationships were discerned through documenting characteristics of the reforms and their interaction amongst reform values and reform theme clusters. Being a non-experimental study, data manipulation was absent from the design. Instead, the study was guided by an exploratory research question and hypotheses, and through observational, baseline data, built a model to describe state commission reform themes while constructing a framework depicting the factors that influence and interact with each theme cluster and sub-theme within the model. Reasonable research questions and testable hypotheses for future research emerged therein, and were discussed in the preceding paragraphs.

Summary

This study’s focus was on constructing a mosaic of commonalities and themes found in proposals recommended by state commission for reforming state government. Using multiple streams as a heuristic for depicting the environment of state reform commission foci, reforms themes of state government reform and efficiency commissions accreted along three broad
clusters, depicted by: People, Relationships, and Processes. Public Values denoted a fourth cross-cutting component across all the three clusters, whereby the reforms proposed by state commissions were couched in public governance ideals of efficiency, economy, effectiveness, performance, transparency, accountability, equity, and fairness. The integration of public values act serves the dual role of informing and influencing both policymakers and citizens alike in terms of the intended effects to government programs to be achieved if enacted, in order to champion support for the initiative. Titled the People, Relationships, Processes–Values (PRP-V) model, this descriptive model depicts the thematically state government reforms and reengineering efforts by reform and efficiency commissions to redesign state government during the 2007 recession and post-recession recovery period through 2012.

The dissertation was designed as exploratory research that used baseline data from the published reports of state commissions. It did not test theory. Using the multiple streams as a heuristic for explaining the milieu in which reform commissions were formed, the dissertation produced a descriptive state government reform model using exploratory research questions and hypothesis to generate hypotheses for testing in future research. This dissertation fills a gap and contributes to the rich tradition of reform within the public administration and management literature – specifically in the context of fiscal crisis and state government reengineering efforts to deal with fiscal challenge. It also provides a foundation from which an agenda for future research can build.

Charting an agenda for future research, the field of public administration and management could benefit by including additional background variables such as political culture index and legislative professionalism against which to test policy outcomes found in the reform recommendation themes. Examining the dimension of public policy implementation with regards
to reform recommendations identified by the commissions from technical, political, and financial feasibility standpoints denotes avenues for additional inquiry. Aspects of public policy implementation are often overlooked component of policy analysis. Such a study, particularly in the research setting of this dissertation, could offer both a richness and robustness of academic endeavor in helping the field of public administration and management to better understand not only what state commissions recommended for reforming state governments during the recession and post-recession period from 2007 to 2012, unencumbered by the limitations of implementation – what is in essence this research – but also how that descriptive model of state reform themes compares to one developed that accounts for state commission reform recommendations ultimately adopted. Given the deliberative process of democratic engines and laboratories that is state governments, such research is only capable with a long-term horizon; something not easily afforded to the graduate student anxious to make their own contributions to a field they now welcome as their own.
REFERENCES


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