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A Study Of Performance Based Budgeting Reforms In The National Park Service And Their Effects On Agency Management And Operations

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A STUDY OF PERFORMANCE BASED BUDGETING REFORMS IN THE NATIONAL PARK SERVICE AND THEIR EFFECTS ON AGENCY MANAGEMENT AND OPERATIONS

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DEDICATION

I dedicate this work to my mother Margaret Ann Walter who made me believe I could be anything that I wanted to be, who showed me by example that nothing is impossible when one is fueled by love, and who taught me that there is no greater calling than the pursuit of what is good and just.

When I felt that I had no more fight left in me and I couldn't go on you were always there with loving arms and the empathy that only a woman who fought her own way through to achieve her dream could possess.

You said to me those simple words, the ones your mother said to you in those desperate moments "don't quit now, go to bed, rest, and if you still feel like this in the morning then you can quit", knowing that the morning would bring with it the light of a new day and the hope that new beginnings always hold.

Kocham Cię

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1- INTRODUCTION: PERFROMANCE BASED REFORMS IN THE NATIONAL PARK SERVICE (NPS)

This is a case study of performance-based budget reforms introduced into the NPS following the Government Performance and Results Act (1993) and their effects upon agency management and operations. The Government Performance and Results Act (GPRA) is the latest in a long series of government reforms aimed at increasing bureaucratic efficiency and effectiveness through the adoption of new administrative practices, many of which are directed toward the budgeting process. The budgeting process is viewed as a central component of efficiency focused reforms due to the inherent role of resource expenditures in efficiency equations. Further, the budget is seen, as it is under the GPRA, as an integral part of efforts aimed at increasing agency effectiveness due to its utility as a tool for rewarding and punishing agencies for their performance. Given this relationship performance measurement and the integration of performance evaluation tools into administrative processes are also central components of these reforms. Despite the continual efforts to implement such reforms over the course of past few decades, there continue to be substantial questions about the feasibility and effectiveness of such approaches for increasing bureaucratic efficiency and effectiveness. These questions are rooted in a broader debate about incentivizing good administrative behavior and political accountability, and the theories of human motivation upon which such approaches are based. This dissertation seeks to use a case study approach to assessing GPRA based reforms in the context of these continual questions and this broader debate.

The study will look at the performance based budget reforms under the GPRA- in the NPS - from three angles. First, the study will begin assessing the feasibility and effectiveness of reform efforts by analyzing the approach to reform implementation utilized by the agency. This assessment will look at the comprehensiveness and the quality of implementation in the agency to provide some information on the probability of reform success and the likely impacts of reforms on agency operations. The implementation approach will be assessed using a qualitative analysis of agency budget documents and management reports.

Second, the study will continue to assess the effectiveness of reforms by looking at the application of reform tools within the agency. Under the GPRA measuring and improving agency performance are key objectives. These objectives are achieved through the application of systematic performance evaluation processes and the use of budgetary allotments as a tool to incentivize performance improvement. Theoretically where agency performance improves so should their budget, alternatively where agency performance declines they should see budget losses. The second analysis will analyze the relationship between performance and budget changes in the agency to determine if the agency is utilizing performance data well and using its budget as an incentive tool in fulfilling reform objectives.

Third, and finally, the study will assess the impacts of these reforms on agency management and operations. This assessment will include a content analysis of sub-agency budget narratives to determine what trends in managerial thinking and approach have occurred as a response to reforms. Further this assessment seeks to determine if the level of performance achieved by the individual sub-agencies effects these trends. The assessment will provide some information on the non-budget impacts of these reforms including behavioral and motivational impacts.

In sum, these assessments seek to provide greater insight into the impacts of reforms on agency operations, the effectiveness of the reform effort, and the value of continuing reform implementation as it is currently designed. Although this case study does not provide a systematic basis for generalizing to a larger population of federal agencies, the NPS was one of the first agencies within the federal government to introduce such reforms. Thus, the NPS story is a very interesting one. The study finds that the NPS encountered all sorts of hurdles when it implemented performance-based budget reforms and in the end these difficulties led to incomplete implementation and a failure to achieve some reform objectives. The findings of the study provide considerable reason to question the overall effectiveness of reform efforts, particularly in the context of the use of the budget as a performance incentive. There are plenty of reasons to think that these same problems have and will appear in other federal agencies that make a similar effort.

The following sections will provide some background information on the GPRA and budget based reforms, explaining the development of these policies, their intent, and inspiration. Further, the chapter will provide a greater explanation of the study's approach, and explain the study's importance in the current political context. The chapter will end with a plan for the rest of the study. First, however, a broader introduction to the NPS and its mission is needed. This introduction helps to put the case into context and to explain to you, the reader, why this agency and the impacts of these reforms on its operation are so important.

The National Park Service

The NPS is unique as a public agency because of the types of service that it provides. However, it is quite similar to the many other agencies in its administration- highly bureaucratic. Though its mission greatly defines its behavior, as with most agencies, the agency's character is also defined by its age. As one of the oldest agencies in the American bureaucracy the NPS has both a stable character, entrenched in history, and an evolutionary spirit as it has had to adapt continually to changing times, politics, and administrative practices. The agency's policies, its approach to implementing those policies, and its policy priorities are a product of these dual forces, balancing history with the political current of the time (Lowry, 2009). These characteristics make the NPS an interesting case study for assessing the impacts of policy reform. Its bureaucratic rigidity and stability make the agency's behavior quite predictable. Its evolutionary spirit, however, makes it rather adaptable to changes when they must occur. For these same reasons, it has also been the subject of pilot studies and test programs for several reform efforts. A brief review of the agency's history, mission, and evolution provide greater understanding of the agency's character, and its place in the American bureaucracy and American culture.

NPS History, Mission, and Evolution

Although Congress did not create the NPS until 1916, the desire of the nation to create and protect public conservation and recreation areas emerged early in American history with the Congress establishing the first federally protected areas in the early 1800's. The original preserves were national memorials and resource reserves managed by various agencies including the Department of Agriculture and the War Department (later the Department of Defense). Congress established the first national park, Yellowstone, on March 1, 1872. The act creating it declared the Yellowstone area in the territories of Montana and Wyoming "as a public park and pleasuring-ground for the benefit and enjoyment of the people" and placed it "under exclusive control of the Secretary of the Interior" (NPS History, 2013:1). In the years following the establishment of Yellowstone, the United States authorized additional national parks and monuments under the same premise, carving many of them from the federal lands of the West. The job of managing the national parks and monuments fell to the Department of the Interior; while the job of managing other monuments and natural and historical areas remained with the War Department and the Forest Service under the Department of Agriculture. That changed after August 25 1916, when

President Woodrow Wilson signed the “Organic Act” creating the NPS, a single agency to provide unified management of the varied federal parklands (NPS History, 2013:2).

The newly created NPS, under the Department of the Interior, would be responsible for protecting the 35 national parks and monuments in existence then and also those yet to be established. This "Organic Act" sets out the duties and mission of the agency, stating that:

> "the Service thus established shall promote and regulate the use of the Federal areas known as national parks, monuments, and reservations . . . by such means and measures as conform to the fundamental purpose of the said parks, monuments and reservations, which purpose is to conserve the scenery and the natural and historic objects and the wildlife therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations." (http://www.nps.gov/protect/)

As the agency has grown and evolved the Organic Act continues to be its guide, and the words spoken therein continue to define its dual purposes of providing for resource protection and public enjoyment (Lowry, 2009).

The NPS's system now comprises 400 parks and protected areas covering more than 84 million acres across 49 States, and territories including American Samoa, Guam, Puerto Rico, Saipan, and the Virgin Islands (GAO, 2006). With its growth in size, the agency has also seen expansion in the types of sites that it oversees. The NPS now includes sites as diverse as the nation it represents, which has forced it to continually reassess the scope of its mission under the Organic Act (Lowry, 2009). Once seen largely as recreation and tourist destinations, national parks now serve many more purposes. These additional purposes include conducting scientific research, managing wildlife, preserving historical artifacts, running education programs, and even providing emergency response services to local communities (NPS, 2009).

Though challenging to the NPS, growth in the size and the diversity of the NPS system is a testament to the evolving values and desires of the American people. The establishment of each site is the product of either an act of Congress or an executive order of the President. Expansion of the system, therefore, is not simply a product of the NPS's desire to grow as an agency (Fretwell & Podolsky, 2003). These sites are places of such national significance as to justify special recognition and protection by law. Congress has established parks as places that preserve our finest resources, our history, and our culture along with some of the most unique and beautiful landscapes in the world. Accordingly, the NPS calls itself the keeper of the "American story" and the steward of her "crown jewels" (NPS History, 2013: 3).

This is a special enterprise, one that has been cherished by Americans and copied by other countries across the globe. In addition to the millions of Americans who spend their hard earned vacations and precious savings to come experience these places, visitors from all over the world also come to America's National Parks to share in their majesty and cultural richness (NPR, 2009). The number and diversity of visitors to our parks continues to climb with "the recent publicity from the 2009 Ken Burns documentary film on the National Parks helping to introduce the national park concept to a wider and more diverse audience" (NPS, 2014: 8). Total visitation for the parks in 2013 reached a staggering 274 million visitors. The mass appeal of the Parks is eloquently described by Burns and Duncan in the film as coming from the realization that "… [the national parks] are more than a collection of rocks and trees and inspirational scenes from nature. They embody something less tangible yet equally enduring – an idea, born in the United States nearly a century after its creation, as uniquely American as the Declaration of Independence and just as radical" (2011:2). It is this perspective that inspired writer and historian Wallace Stegner to proclaim what is now the NPS motto that the National Parks are "America's best idea." (http://www.npr.org/templates/story/story.php?storyId=113201245)

The Promise and the Peril

The magic of the national parks idea, as stated by noted journalist and conservationist Robert Sterling Yard, lay in their "common ownership" by the American people (Albright, 1990). This belief that the parks are truly the collective property of the American people is deeply imbedded in the national parks mission and management philosophy and always has been. President Theodore Roosevelt once called the conservation of natural resources under the National Parks "essentially democratic in spirit, purpose, and method" (1916: 301).

As beautiful as the idea of democratic stewardship of our national parks may be, however, it is not without cost. As with all democratically governed processes, the protection of our parks is riddled with conflict. Conflict over the value and appropriate use of our parks have also been a consistent part of the National Parks history (Fretwell & Podolsky, 2003; Lowry, 2009). These conflicts, based on the political dictates of the time and often rooted in the duality of the Organic Act, have led to difficulties for the parks' management and operations (Lowry, 2009). In some cases these conflicts over the appropriate use and management of the parks have left them in a state of near collapse, as decision makers' competing views of the parks resulted in contradictory and inadequate policies (Lowry, 2009). Indeed, the parks have continually struggled to maintain political support and the material support that comes with it.

One would assume that an agency that holds a place so close the heart of the American people would not find itself continually fighting to persist. However, the agency's struggle reflects differing political views of what the NPS should look like and how it should function. These differing views are a product not only of the duality of the agencies purpose under the Organic Act, but also differing views of best approaches to managing the parks amongst the agency, stakeholders, and the Congress (Lowry, 2009). Arguably, these differences in management and operational preferences simply reflect the nature of agency control in the American democracy. Agency treatment in the American system is shaped by a public that views government suspiciously and continually seeks to exert greater control over it (Box, 1999). This control is exerted from the public – stakeholders and interests – and through Congressional representation. The last few decades have seen a great deal of debate amongst these entities about the best approach to managing the federal bureaucracy, and the NPS as a part of it.

Performance and Budgetary Reform

The quest for a leaner and more efficient bureaucracy through performance-based reform has been ongoing, gaining steady momentum since the 1970's (Denhardt & Denhardt, 2000). What is performance-based reform? It is reform focused on ensuring that agency operations and resource allocation leads to the achievement of a high level of mission-based goals, and resultantly the production of the desired outcomes (Berman, 2006). At the federal level, there have been many such reforms over the years, most adopted by executive order of the President. These reforms include the adoption of the Planning Programming Budgeting System (PPBS) under the Johnson Administration, Zero Based Budgeting (ZBB) under President Carter, and Total Quality Management (TQM) under President Reagan (Box, 1999).

Like current reform measures, those of the past were not only concerned with promoting a high level of performance in the bureaucracy but also promoting efficiency. The idea is not only to produce desirable outcomes but to do so at the least cost (Berman, 2006). For this reason many of these reforms, including the current, include a linkage between agency performance, expenditure, and funding. Therefore they are not just performance reforms, but they are also budget reforms as well. Each has taken a unique approach to connecting performance to budgeting that are discussed in more detail further on; however for simplicity I will refer to them collectively as performance-based budget reforms. These reforms came about as a product of a combination of evolving administrative theories in the academic and private sectors, and assessment of bureaucratic inefficiencies via executive commission (Denhardt & Denhardt, 2000).

These theories and their subsequent policies are based on assumptions- largely negative - of administrative behavior, human motivation, and ideas about public accountability. These assumptions are rooted in an age-old belief, often referred to as theory X, that people are inherently unmotivated to work and that without a strict system of rewards and punishments that they will not perform tasks efficiently and effectively. This belief is extrapolated beyond the individual worker or administrator to the organization, as such is it believed that agencies are ineffective and inefficient useless given proper incentive to operate otherwise and are held strictly accountable to performance expectations. Many reforms have sought to use the budget as the incentive to adjust agency behavior and improve performance (Breul, 2007). Although, these reforms manifested in various policies under different presidential administrations, they held in common an understanding of the utility of the budget as a policy tool.

Aaron Wildavsky began to build a theory that exhibited the link between budgetary measures and governmental behavior in his seminal budgetary piece "The Politics of the Budgetary Process" published originally in 1974. Wildavsky articulated that the budget is what ties financial resources with human behavior to accomplish policy objectives (1974: 3). Likewise, the performance-based budgetary reform efforts post 1970 moved beyond accounting centered budget-building processes and techniques, to a more human-centered approach. Under them agencies began to articulate specific mission-based objectives and to create incentives for agencies and their sub-agencies to achieve those objectives, often using budgetary allotments as part of that incentive structure (GAO, 2012: 4). Following from past reforms the current reforms continue to emphasize the use of clear objectives and achievement based budget incentives (Breul, 2007).

Reinventing Government and the GPRA

The current reforms addressed in this study of agency budgeting are a product of the Government Performance and Results Act of 1993(GPRA). The GPRA was adopted with the intent of improving governmental efficiency through the use of goal-based planning, systematic evaluation, and performance-based budgeting in government agencies (Breul, 2007). The legislation emphasized the need for better decision making and accountability through the use of systematic performance assessment. To incentivize performance improvement and efficiency the legislation intended that Congress use these assessments in making future decisions about agency authorizations and appropriations (GAO, 2002). The legislation also created some management tools and reporting requirements to aid in the planning and evaluation process (https://www.whitehouse.gov/omb/mgmt-gpra/gplaw2m#h1).

GPRA reforms are based on an administrative framework that was developed based on a business sector like approach to accountability, as proposed by Osborne and Gabler's "Reinventing Government" theory (1993). This approach requires that agencies "reinvent" themselves to become market savvy, putting the needs of the "customer" first and directing resources based on what produces desired outcomes (Kettl, 1998; Thompson & Riccucci, 1998). Further, it relies on business sector approaches to productivity management and performance incentive, relying heavily on ideas of competition and "market feedback". Reinvention ideas gained popularity and in 1993 when the Clinton-Gore administration created the National

Partnership for Reinventing Government and initiated an interagency task force called the National Performance Review (NPR) (Thompson & Riccucci, 1998). In part this occurred as a result of the multiple studies on the efficiency of agencies and programs that had been conducted under previous administrations and that were accompanied by similar reform recommendations (Thompson & Riccucci, 1998).

The approach to budgeting that emerged from this initiative intended to link budgeting decisions to agency performance. According to the theory, those agencies that can consistently show efficient and high quality provision of service will earn the right to maintain their resources; similar to the way that firms with high quality and efficient production gain profit (Thompson & Riccuci, 1998: 244). While intuition supports belief in the value of this approach to budgeting as a way to increase efficiency, reduce spending, and increase performance; research has found that actually doing and succeeding at performance budgeting in the public sector is neither straightforward nor easy (Wildavsky & Caiden, 2001: 278).

Unlike the private sector, where performance is gauged and tracked by clear and well-known measures (e.g., sales, gross and net margins, return on equity, profitability), public sector organizations like the NPS often deal with complex outcomes that are not easily measured (Swiss, 2005: 597). Additionally, public sector organizations are bureaucracies with rigidities that do not lend themselves easily to process, personnel, or environmental changes (Kettl, 1998: 41). These rigidities are a product of a long history of procedural safeguards such as the reliance on standard operating procedures and the civil service system designed to ensure stability, transparency, and accountability in the bureaucracy (Kaufman, 1977). Because these safeguards are rooted in law and are fundamental to the culture and processes of most public agencies, they are neither easily nor quickly changed (Wilson, 1989). Moving towards performance budgeting requires a degree of flexibility and is, therefore, a substantial challenge to public organizations. According to several studies conducted by the Government Accountability Office (GAO), agencies have yet to meet this challenge.

Beyond the difficulties of implementation, there are reasons to be skeptical about the value of performance management and budgeting in the public sector. Research has found that many public managers do not understand and are not prepared to effectively use performance management processes (Swiss, 2005). A study by the GAO (2002) of the implementation of performance budgeting tools at pilot sites in the NPS found that many managers felt negatively about adopting performance budgeting. They saw the system as a threat to their sub-agencies resources and to their ability to manage. This suggests that the incentive system had de-motivating, rather than motivating effects, as intended. Further the study concluded that most park managers who do use these tools have not been rewarded for doing so; providing additional evidence that the system could be highly flawed in its approach to incentivizing and motivating agency production. Despite considerable concern about the proper use and effectiveness of performance based management and budgeting tools, the new public management requires it. With respect to new public management and budgeting, in the reinvented government only those agencies that produce, and have the data to show it, should prosper in the budgeting process.

Why Reforms Matter Now

The desire for increased productivity is reinforced by continual demands to shrink the size of the Federal bureaucracy, reduce the number of personnel, streamline operations, and ultimately reduce expenditures (Denhardt & Denhardt, 2000). There are two conditions that make assessing the impacts of reforms particularly important at the current time.

First, there is evidence that suggests that current reforms are more impactful than reforms of the past (Breul, 2007). Reforms have had varying impacts on agency behavior and success in achieving objectives. Past research on reform efforts has shown that in many cases reform efforts are minimally effective and serve to change only a small portion of agency behavior (Anderson, 2000). However, studies of the current reforms suggest that budgetary reforms adopted under the GPRA are more effective than past reforms in changing agency behavior (GAO, 2002:11). This is because reform measures under the GPRA have been more widely implemented by agencies due to their status as mandatory law. Because of this status many provisions of the reform, such as the management tools and reporting requirements, are externally imposed upon the agencies. Additionally, these reforms are supposed to be integrated into both agency operations and congressional decision-making processes, making the choice to not implement them risky for agencies.

The second reason it is important to study reforms now is because the current political environment and budgetary conflict create an environment in which utilizing reforms can be strategic (Kettl, 1998). The current budgetary situation in the United States has been increasingly tumultuous, due to party polarization. This has resulted in great pressure on agencies, due to intensified competition for funds, to seek greater efficiency.

A Research Focus on Performance Based Reforms

The adoption of performance-based management policies has numerous implications for agencies. For many agencies, right away, such adoption means increased scrutiny, increased competition, and more budgetary pressures. Adopting performance management also means adjusting to an outcome-oriented accounting (GAO, 2002: 10; Guajardo & McDonnall, 2000). Linking budgetary allocations to outcomes increases the stakes for agencies and sub-agencies to deliver results, particularly in a political climate that encourages cutbacks (Kettl, 1998). How these incentives will affect agency operations, decision making, motivation, and performance is unclear.

Some important questions need answers. How do promises of budget increases or threats of budget cuts based on performance actually affect a real agency, with real managers, dealing with real problems over which they may have only limited authority, personnel, and other resources with which to work? After outcomes are defined, and measures developed, how does performance based budgeting play out over time? Are agencies and sub-agencies that are “winners” rewarded with large budget increases? Are agencies and sub-agencies that are losers punished, with large budget cuts? How do overall agency processes, programs, and priorities change over time as a result of this process? I have refined these queries into the following set of research questions. I will address these questions in this dissertation using a case study approach focused on the NPS.

Research Questions

1. How have performance-based reforms been implemented in the NPS?

2. Has the implementation of performance budgeting measures within the NPS affected the micro-budgeting processes, and if so, how?

3. How does performance affect unit funding within the NPS?

4. How has the implementation of performance-based reforms affected agency operations, priorities, and behavior?

Introduction to Case Study

A case study was selected as the approach to addressing these questions to provide a precise context for discussing reform implementation and its effects. By selecting one agency as the subject of the study, its unique implementation approach and organizational characteristics can be taken into consideration when assessing the findings. This will allow for a clearer understanding of the impacts of reforms in the agency and sub-agency context. The agency level was selected as the preferred level of analysis due to the nature of the reforms being analyzed and the approach to implementation that has been taken.

The performance-based reforms that have been implemented under GPRA have a strong bottom-up character, meaning that they seek to change agency behavior most at the service delivery level. Though the reforms are directed from the top- down and filtered through the agencies, it is within the agencies that the greatest changes are supposed to occur. Additionally, due to the staged implementation process that has been utilized, some features of the reforms began within select agencies far before they were applied bureaucracy-wide. Because of this, at this point, an assessment of reform effects across agencies would be problematic due to the differing stages on implementation from one agency to the next.

Uneven development of the policies across the bureaucracy also makes the assessment of the impacts of agency performance on their budgets (through congressional appropriations) unreliable. Further GAO assessments (2002; 2006; 2014) of the use of agency performance data in congressional budget decisions --or for other purposes-- have shown that there is little reason to believe that Congress is utilizing the data in any systematic way. This rules out any fruitful assessment of performance based budgeting at the macro-level. However, the degree of reform implementation and the impacts of this implementation on agency processes can still be assessed. Further, since the GPRA was designed to build performance-based accountability from the bottom-up, the use of performance-based budgeting within the agencies can also be assessed.

In agencies that have sub-agencies, the agency acts as the principal, holding the sub-agencies accountable through evaluation of sub-agency performance and the subsequent distribution of rewards and punishments (Moe, 1984). The President, the OMB, and the Congress, then, theoretically, hold the agency accountable using the same method (Moe, 1984). Since the performance of the agency is an aggregation of the performance of its sub-agencies, the agency has a vested interest in incentivizing the high performance of sub-agencies, because this will determine rewards or punishments for the entire agency. This design allows me to assess performance based budgeting from the sub-agency, or micro level. If GPRA reforms have been implemented and carried out as they should then agency performance, as measured by evaluation tools, should influence both the distribution of budget authority to the agency and its sub-agencies. It has already been made clear that this is not occurring in the distribution of budget authority to the agencies, it remains to be seen if it is occurring in the distribution to sub-agencies.

Studying Sub-Agency or Micro-Budgeting

Studying budgeting at the sub-agency level as well as the agency level is important. It is at the sub-agency level that the actual implementation of policies affects those who visit and otherwise benefit from the parks. Accordingly, it is at this level where society benefits from spending increases or is impacted by cutbacks, for clientele and advocacy groups that are the recipients, beneficiaries, and supporters of particular governmental programs (Riccucci, 1997), micro-budgeting decisions are just as important as those at the macro-level. Decisions within the bureaucracy, though constrained by the appropriations decisions made by the Congress, continue the process of making spending choices that result in trade-offs between different programs and their benefits (Anderson & Harbridge, 2010). These tradeoffs can result in large effects for constituents who receive services, and, as a result, can also have far-reaching electoral effects. Despite the importance of this secondary set of budgetary decisions, there has been very little research on the subject. Largely, this has been due to an assumption by researchers of the budgetary process that intra-agency allocations are simply proportional to inter-agency allocation (Anderson & Harbridge, 2010).

Anderson and Harbridge refute this assumption in their 2010 study. They find that even what appear to be small changes in aggregate budget allocations to an agency can lead to large changes when increases or cuts are targeted narrowly at the sub-agency level. They find that such changes can result in dramatic outcomes such as the loss or addition of whole programs or services. The processes that lead to decisions with such profound impacts deserve greater study. I hope that this study of the impacts of reforms on budgeting at the micro-level will contribute to filling that gap. The study of whether or not reform has affected the NPS, as the selected case, is very important, not only because the NPS is a visible and important agency for the American public, but also because what happened there may be a guide to what will happen in other similar agencies.

The NPS as the Case. The NPS was selected as an excellent agency for studying reforms at the agency and sub-agency level for several reasons. First, as mentioned above, the agency is a highly visible one. The high level of interaction between the agency and the public ensures that agency performance and adherence to the demands of political principles will not go unnoticed and will likely be reflected in its operations. Second and likely due to the first reason, the NPS has been at the forefront of performance measurement implementation under the GPRA (GAO, 2006), so that there is both an implementation history and documentation of it. The NPS began GPRA based performance measurement in the late 1990's as one of the first agencies to pilot the new reforms. Accordingly to the agency, since the FY 2000-2001 budget formulation process -- when the NPS fully launched GPRA reformed budget formulation and performance systems -- the NPS has heavily incorporated performance results into the budget formulation decision-making process (NPS, 2007). Although, these integration efforts are government-wide, and similar processes have been adopted in other agencies, the NPS continues to be at the forefront of the reform movement in the federal bureaucracy to integrate budget and performance. This ensures that there will be an ample amount of evidence to analyze the impacts of reforms on the agency throughout the implementation process. Third, the NPS is composed of some sub-agencies and the distribution of funding amongst these sub-agencies provides a large sample to analyze the impacts of reforms at the micro-budgeting level.

Plan of the Study

This study includes seven chapters. Chapter two provides background information on the budgeting process at the macro and micro-levels. The discussion of the micro-level provides some specific information about budgeting processes in the NPS, as an example. The chapter also provides an overview of the performance-based reforms that have been applied to the budget process in the past and an in-depth discussion of the current “reinvention based” reforms under the GPRA. The explanation of GPRA concludes with a specific discussion of its evaluation component, the Program Assessment Rating Tool (PART). PART creates the standardized evaluation tool used in agency performance based budgeting (PBB); therefore special attention is given to its provisions.

Chapter three provides a review of the literature on GPRA based reforms and Performance Based Budgeting in the federal government. The review focuses on the literature explaining how these new reforms have addressed the deficiencies of previous reforms, including the creation of an incentive structure for agencies using performance-based budget (PBB). The review also covers the criticisms of both the GPRA and the use of PBB in public organizations.

Chapters four, five, and six include the analysis of the effects of GPRA and PBB on the NPS, at the agency and sub-agency level. Chapter four analyzes the implementation of the GPRA based reforms within the NPS using a qualitative assessment of agency budget reports and agency budget correspondence. The analysis finds that the agency has worked to adopt the reforms in some administrative and managerial capacities. It finds that the performance metric that is used to determine overall efficiency and effectiveness (scorecard or PART) is the most influential of these adoptions.

Chapter five assesses the implementation of PBB in the NPS by analyzing the relationship between the sub-agency performance and budgets. This analysis utilizes data from the agencies performance metric, scorecard, described above. It finds that sub-agency level unit performance has little impact on budgetary allocations. If there's a causal relationship between agency performance and budgets, it is quite complex. The findings do suggest that budgetary gains and or losses have an effect on sub-agency performance.

Chapter six includes a content analysis of budget justification narratives for NPS sub-agencies. Justification documents include rich contextual data on each park's spending priorities and the scorecard metrics that they seek to improve. In the justification documents, sub-agency units can indicate what specifically they have done, and how they believe that these efforts are being reflected in their metric evaluations. The analysis in this chapter assesses the relationship between sub-agencies' scorecard performance and their budget justifications. The analysis looks at the impacts of scores upon budgetary allocations. It also looks at the justification documents in which the parks explain their performance as measured by the scorecards. Analysis of these accounts in the aggregate reveals the impact of this metric based evaluation system on the performance of park units beyond what can be revealed by budget data and scores alone. It also shows how sub-agencies use these scores to guide management decisions, and the general regard that agency managers hold for the assessment process.

Finally, chapter seven summarizes the study's findings and offers some conclusions. It reviews what has been learned about the impacts of reform measures upon the NPS, its administration, management, and budgetary politics. The chapter compares the findings of the study to the findings and expectations set out by previous studies on GPRA and performance based reforms. It suggests that, though there has been some improvement, some of the faults identified in previous reforms efforts continue to persist in current reform efforts -- at least in the example of the NPS. The chapter concludes with some general reflection on the causes and implications of these persistent problems in performance based reforms.

CHAPTER 2- BUDGETING NATIONAL RESOURCES: AN EVOLVING DECISION PROCESS

The study of budget reform policies in an agency must begin with a general explanation of the budgeting process from the agency perspective. Budgeting the nation's resources has always been a salient concern. In lean times spirited and sometimes torrid debate is provoked by the question: What ought to stay and what ought to go? In times of plenty, this debate is equally heated and turns to what should be added or expanded to meet the needs of our ever-growing population. The federal budget is central to the debate about the scope of governmental services because it is the blueprint by which we construct an annual plan for providing all of the services and amenities demanded of government. Aaron Wildavsky, the best-known scholar of the budgetary process, defined the "budget" as follows:

> "In the most literal sense a budget is a document, containing the words and figures that propose expenditure for certain items and purposes…Presumably, those who make the budget intend that there will be a direct connection between what is written and what future events will entail" (1984: 1).

The budget, from this view, is a statement of both desired behavior and intended outcomes. The extent to which this statement is realized, however, depends on how closely the budget in followed and what results from the prescribed spending. As Wildavsky argues, the purposes stated in the document will only be achieved "given that the legislature appropriates the requested funds, and granted that agencies follow the instructions for using those funds established in the budget, and assuming that the expenditure of the funds leads to the intended outcomes" (1974: 1). The budget then is not a simple accounting document, but rather a form of policy; one with far-reaching consequences for the outcomes of other policies.

Following Wildavsky's argument, budget scholars see the budget as a specialized policy tool for establishing priorities and creating intended outcomes. In this way, budgetary scholars also see the budget as a blueprint for fulfilling public values. This understanding of the budget clearly emphasizes the political nature of the budget. According to Harold Lasswell's well-known definition, politics is the process of determining "who gets what, when, and how" (1936: 2). The budget, I argue, is largely where we cover the "who gets what" part of politics. The legislative process of authorizing programs and policies, of course, is a first step in determining who gets what. It's an expression of legislative intent. It is well known, however, that an expression of legislative intent means little if the legislature does not follow through and appropriate adequate resources to fulfill that intent. This is the importance of the budget. At the end, where the legislature in a democratic country allocates the country's resources is a clear statement of the country's values, priorities, and preferences. At least that's the view of many scholars of the budgetary process.

The struggle over scarce governmental funds by numerous agencies, programs, and projects has led to an always complicated and ever-changing set of budgeting processes (Wildavsky & Caiden, 2001). It is not always precisely clear how actors in the budgetary process make decisions and to what degree those decisions are linked to their policy preferences. Past analyzes of the budgeting process have led to some insights as to how actors make their decisions. Some of the processes that lead to budgetary decisions are distinctly political while other processes are more administrative in nature. Most explanations of budgeting processes, however, find that politics, to some degree, are always present.

Budgeting processes that may appear to be highly bureaucratic on the surface may, in fact, be very political beneath the surface. This is because even when budgets are composed of a set of relatively standardized formulas, those formulas are constructed of politically derived and defined variables (Kamlet & Mowery, 1980: 808). The definitions used in constructing budgetary standards lend themselves to great interpretation and debate. For example, a common budgeting standard is to provide funds of the "same level" from one year to the next. On the surface, this seems simple and intuitive. But funding at the "same level" has been interpreted to mean providing the same dollar amount of funds adjusted for inflation, providing whatever funds are necessary to maintain the same level of service provision, or providing an increase in funds equal to the increase given in previous years (Kamlet & Mowery, 1980). Depending on which interpretation is used the amount of money appropriated will vary, in some cases quite dramatically.

Plainly, with politics everywhere, there is no simple explanation of any given budgetary choice. This makes it difficult to predict budget outcomes. It also makes studying the budget process and the politics involved important. If society wants to see its resources used to achieve particular ends and also wants to be able to hold decision makers accountable, then it must strive to understand the decision processes used to allocate those resources. Further, it must understand how changes to the process will impact both the ability to achieve desired policy outcomes and accountability.

A New Challenge to Traditional Theories of Budget Allocation

Political scientists for years have observed the political craft of congressional appropriations. Their observations have led to a variety of theories to explain why some agencies do very well and others poorly in obtaining budgetary resources. These theories are based on several factors, some internal and some external to the agencies. External factors include the agency's relationships with the President and congressional committees, and the relative power of the agency's supporting interests and clientele; as well as partisan control of the Presidency and the Congress and party preferences toward the agency's mission. Internal factors include the types of services and programs that the agency provides (particularly their perceived importance and visibility), the agency's leadership and management, and the approach the agency takes to seeking funds (Mikesell, 2010).

This traditional view regarding the appropriations process now comes up against a changing budgetary environment. The current environment is a product not only of these "political" variables but also of newer administrative "reform" variables. As programs have grown and complexity, so have their needs; and the approaches to prioritizing these needs and allocating resources between them have also necessarily become more complex (Wildavsky & Caiden, 2001). The President and the Congress have undertaken continual reform efforts to get agencies to streamline, stabilize, and improve the process of allocating resources. These reforms have taken the form of laws, regulations, and orders. Collectively, they aim to improve governmental efficiency and effectiveness, largely through changes to administrative processes. They also seek to focus appropriation decisions more on the metrics of performance and efficiency than on politics, as occurs in traditional processes (Wildavsky & Caiden, 2001). Before I discuss the effects of these reform policies on the budgeting process a brief review of the budget process and traditional variables is necessary.

The Budget Process

By nature, the budgeting process can be quite complex. The budget formulation process, like any other policy formulation process, includes multiple steps or decision points in which some actors play significant roles. These actors each have the ability to uniquely influence both the progression of the process and its outcomes. When looking at the budget from the perspective of an agency the process becomes even more complex, including additional decision points and actors. When trying to assess the impacts of budgetary change for any sub-agency unit, program, or service one must consider not only appropriations to the agency but also the distribution of funds within the agency. Budgeting for government agencies, which have a number of distinct subunits, can be described as a two-tiered process. The first tier of the process, macro-budgeting, includes the Congressional appropriation of budget authority to the agency itself; the second tier, micro-budgeting, includes a separate distribution of funds within the agency.

Though this study is primarily concerned with the impacts of performance-based reforms on micro-budgeting, it is difficult to understand micro-budgeting outside of the context of macro-budgeting. The micro-budgeting process closely mirrors the macro-level process, and many of the decisions that occur in micro-budgeting are an extension of decisions made in the macro-budgeting process. Further, research indicates that some micro-budgeting decisions actually occur within the macro-budgeting process (Anderson & Harbridge, 2010; Kamlet & Mowery, 1980; Natchez & Bupp, 1974). This intersection will be explored in the literature review in the next chapter. For explanation purposes, however, the following sections will explain the budgeting process assuming that macro-budgeting decisions and micro-budgeting decisions occur sequentially.

Macro-budgeting: Funding the Agency

Though it's common for observers of the budget to describe the level of funding received by departments and agencies as "congressional appropriations," appropriation decisions take place within a broader scope of activities that include many other actors and decisions. Although the amount of funding received by an agency is ultimately the product of congressional appropriations, these decisions are a product of a complex system of bargaining. This bargaining involves exchanges between the agencies and both the executive and legislative branches (Oleszek, 2011: 45). The federal budget reflects both the President and Congress's choices among competing national priorities. Further, it is informed by past decisions, current conditions, and future fiscal -- as well as policy -- commitments (Wildavsky and Caiden, 2001: 4). In textbook terms, federal budgeting is composed of five steps, of which congressional appropriation is the third. The steps of the complete budget process are as follows:

1. Agencies prepare and submit budget requests to the President

2. The President prepares and submits the budget to Congress

3. The Congress reviews the President's budget (or prepares its own budget) and drafts and passes appropriations legislation.

4. Federal departments and agencies execute the budget and budget-related laws

5. Congress audits of agency spending and performance outcomes (Oleszek, 2011: 45).

These steps are often grouped together by their year of occurrence to create a more succinct model, called the Budget Cycle.

The Budget Cycle. The budget cycle takes place over the course of three years; these are commonly termed the forecasting year, budgeting or appropriations year, and the fiscal year. The first set of exchanges in this process occurs within the executive branch during the forecasting year, which begins two years before the fiscal year begins. During this period key members of the Executive Office of the President, including especially the Council of Economic Advisers, and the Office of Management and Budget (OMB) develop forecasts of the macroeconomic conditions expected to affect governmental revenues and in turn shape budgetary constraints for the upcoming years (Oleszek, 2011). The OMB especially works closely with the departments and agencies. It is responsible for reviewing the performance of departments and agencies, communicating to them the president's priorities for the budget, and letting them know what constraints exist when preparing their budget requests. This is step 1 in the budget process as listed above.

During the second year, the budgeting/appropriating year, steps 2 and 3 of the process are fulfilled. In this year agencies craft their budget requests and submit them to the Executive (the President and the OMB) who then craft comprehensive national budgets plans using the requests from the various agencies (Oleszek, 2011). From these plans, specific amounts are recommended for each line-item in the President's budget. The President's submission is then referred to the House and Senate Budget committees and the Congressional Budget Office (CBO). The authorizing committees and the appropriations committees who oversee particular policy areas will also submit budget requests and estimates to the budget committees. The CBO will create a budget analysis projecting total budget costs and fiscal impacts from the data provided (Oleszek, 2011). The Budget committees will then consider the President's budget and other committee requests in light of the CBO projections. The product of this process will be a budget resolution that must be passed in both houses, and that will outline appropriations amounts for each of the appropriations committees. These committees will then draft budget appropriations bills that will designate appropriations for all departments, agencies, and programs. These bills must be passed through the legislative process (Oleszek, 2011).

In the third year, the fiscal year, the agencies will then receive and spend the funds allotted to them during the budgeting/appropriations year, as described in step 4. Auditing of the agency budget and review of the agency's performance based on its spending, step 5 above, serves as a link between the last year of one budget cycle and the first year of the next. This step also serves, theoretically, to inform the next year's budget requests (Wildavsky & Caiden, 2001) bringing the process back to step 1. The result is a continual process rather than a linear one.

Forecasting. In the forecasting year, agency decisions are guided by expectations about changing fiscal conditions and political priorities. Things such as economic conditions, political environment, and legislative changes are considered (Wildavsky & Caiden, 2001). Agencies are given some guidelines in terms of the direction and degree of change they should expect for their future budgets. This is where warnings of large-scale changes such as across-the-board cuts, program eliminations, and agency reorganization are issued. This is also the point at which the agency's relationship with the executive matters most (Oleszek, 2011). Higher level agencies and those whose directors have close working relationships with the President's Office and the OMB will receive the most timely and accurate information about expected conditions and changes on a rather consistent basis (Mikesell, 2010). This relationship may not guarantee any favorable budgetary treatment, but this flow of information allows for agencies to prepare for what's likely to come.

Based on the information that the agency receives from the executive, and perhaps some friends in Congress, agencies begin to adjust their budgetary expectations taking into account the past year's spending and adjusting for new budgetary needs (Mikesell, 2010). Access to information about congressional and executive priorities and objectives plays a pivotal role for agency budget success at this stage (Oleszek, 2011). This information allows agency actors to include helpful information in their budget requests. Budget requests include both a line item request, which lists the dollar amounts requested for each portion of the agency's budget, and a justification document. Some might argue that this justification document is even more important than the line item because this document allows the agency to explain what it desires the money for (Mikesell, 2010). Agencies with good information can ensure that their justifications include information that links their programmatic success and funding to larger scale executive and legislative objectives. This is an effective strategy for agencies to maintain or increase their budgets. Such agencies have a slight, but real, advantage in competing for scarce discretionary funds amongst their peers (Mikesell, 2010).

Agency heads continue to develop strategies to maintain or expand their budgets through the budgeting/appropriations year. Presidential and congressional support of the agency's mission and current work have been identified as important factors in winning budgetary gains or at least staving off cuts (Sharkansky, 1985). Agencies seek to determine presidential approval of their programs and objectives through high-level administrative exchanges and often realign their objectives and priority projects with Presidential interests in hopes of receiving support for agency budget requests (Oleszek, 2011: 45). This ongoing process of communication and bargaining continues through the budgeting or appropriations year.

Appropriations. The budgeting or appropriations year, since it is the year prior to the funding year, requires agencies to submit more concrete figures that fit into a budgetary request that will be submitted to the President and the OMB (Oleszek, 2011). In more recent years, with the implementation of performance management, these requests also have included lengthy justification narratives that provide information about the agencies' past accomplishments and how these are linked to past funding (Wildavsky & Caiden, 2001). Once received, this budget request will either be upheld, increased, or decreased based on Presidential and OMB objectives, support for the agency, and purportedly, evaluation of performance. This final number (or numbers) is the one that is included in the President's budget that will be passed on to the Congress. It should be noted that most agencies have more than one line-item, broken down by program or some other functional category) in the Executive/Congressional budget (Breul, 2007). As such there is always a possibility that an agency will get its requested budget for one line-item (program) and not another (Oleszek, 2011). This is another aspect of the bargaining process.

Whether an agency will receive the budget authority that it requests depends in part on the recommendation of the President and also on the recommendation of congressional authorization committees (Mikesell, 2010). The authorizing committees are the policy making centers of Capitol Hill. Their members are the ones who largely formulated the policy that was enacted. They are the ones who will advocate for what they believe to be a necessary level of appropriation (for the agency as a whole, and specific programmatic line-items). This can be either a specific monetary amount or an indefinite level (Oleszek, 2011: 46). Indefinite requests often advocate for a spending level that will be sufficient for a specific level of service provision or advocate for "necessary funds as deemed by the agency" (Oleszek, 2011: 46). Again, a bargaining process will ensue between the authorizing committees and the appropriations committees. The actors will bargain within and amongst themselves to determine what portion of the nation's coffer will be designated for each cause and how closely the President's recommendation will be followed. Of course, this is not the only recommendation that these committees will be privy to. The committees are also in close contact with the agencies that they oversee and know well what the agencies have requested for their budgetary allotments. Additionally, the committees will assess requests based on input from the CBO. The CBO projects total expenditure for the fiscal year based on the expected revenue and expected total discretionary appropriations. This projection is used by appropriating committees to estimate the impacts of individual appropriations on the federal budget for each year (Mikesell, 2010).

Once final appropriations decisions are made by appropriating committees, they are still subject to additional changes through bargaining processes as they are considered for final approval by each chamber of the Congress (Oleszek, 2011). The various appropriating committees will have differing budget priorities that will be reflected in their bills. As such there may be some conflicts that need to be resolved over what portion of the expenditure pie each is entitled to distribute. In recent years, these conflicts have caused significant delay in the budgeting process and have led to substantial changes in appropriation decisions in the final hours of the fiscal year.

Funding. The new fiscal year will begin on October 1 regardless of whether new appropriations have been passed (Oleszek, 2011). In the event that appropriations have not been passed before the end of the budgeting or appropriations year and the beginning on the fiscal year, as in 2013, the agencies will effectively shut down due to a lack of funds. Once the appropriations bills are passed the agencies and programs will be funded for the fiscal year, and they can proceed to operate and spend (Mikesell, 2010). In the case of an agency with multiple sub-agencies, the budgeting process does not end with the distribution of budget authority through appropriations. In these agencies, which account for most federal agencies, appropriations need to be divided up between these sub-units and distributed. This process is known as micro-budgeting.

Micro-Budgeting

The NPS like many other public agencies distributes funding amongst its units in two primary ways, base allocations and internal granting (NPS, 2012). The first and most prominent source of funding is base allocation. This is the process by which the agency's congressionally appropriated budget is divided amongst the numerous agency units or sub-agencies. Though funds cannot be distributed to sub-agencies until after they have been appropriated to the agencies, the majority of allocation decisions are made far in advance of this. This decision process follows the macro-budgeting process closely.

Following the budget cycle, sub-agencies begin drafting budget requests during the forecasting year. As communications continue between the President, the OMB, and the agencies setting out priorities for the upcoming budgeting year, these priorities are communicated down to the sub-agencies. Further, projections of budget increases or decreases for the agency are communicated to the sub-agencies so that they may prepare budget requests that account for these expectations. In addition to providing this trickle-down information, the agency will set out some planning guidelines for the sub-agencies that reflect the agency's own priorities for the upcoming fiscal year (Mikesell, 2010). In the NPS, and other similar agencies, this process is facilitated by the distribution of a budget memo from the director of the Agency and, perhaps more importantly, a budget planning teleconference for all agency managers (GAO, 2006). In the NPS this teleconference is called the Comprehensive Budget Call (NPS, 2009a). In this call all administrative and managerial personnel from the agency have the opportunity to listen to the agency's top leadership explain the outlook for the upcoming fiscal year, receive direct guidelines about crafting sub-agency budget requests, and to ask questions about the budget or these guidelines. In the NPS, once the comprehensive call is finished there is a follow-up call coordinated by region that allows managers to discuss the budget situation and expectations in smaller groups and with their regional supervisors. This ensures that all sub-agencies are well prepared to draft their annual budget requests.

By the mid-point of the forecasting year, (April in the NPS) sub-agencies will submit their budget requests for the fiscal year to the agency's central administration. The agency then uses these requests to compile its final budget request that will be submitted to the President and Congress (Mikesell, 2010). However, the budget request process is far from complete for sub-agencies at this point. Sub-agencies' budget requests will undergo a series of redrafts as the fiscal year nears, and the final amount to be appropriated to the agency becomes clearer. The level of uncertainty in agency appropriation is magnified at the sub-agency level due to the added layers of decision in the micro-budgeting process created by the bureaucratic hierarchy. Agencies like the NPS have designed elaborate budgeting process to manage this uncertainty.

Sub-agency Budget Allocations. The NPS Example. In the NPS, like most bureaucratic organizations, there is a hierarchy of offices and the division of budget allocations follows this hierarchy. Congressional appropriations are divided amongst the major administrative branches, seven regional offices, and the 400 parks that are managed by these offices with the greatest budget authority given to the highest levels of the organization (NPS, 2012).

In the budget request process, the submission and compilation of annual requests follow this complex hierarchy. The agency's budget request must include the funding amounts for each of these sub-agencies as well as a programmatic breakdown of total spending to facilitate the Executive/Congressional budget line items (NPS, 2009a). To craft this summary, the central budget office must know the funding needs of each of these units and what role each of them will play in fulfilling the agency's programs. To facilitate the gathering and processing of this vast amount of information the agency budget is initially drafted in pieces, with each region sending a preliminary budget request to the central budget office and the central office compiling these regional requests. These regional requests, in turn, are a summary of the unit budget requests in their region. The aggregate agency request, then, is a product of the combined requests of all of the agency sub-units. Similar to the sequential model of appropriation presented by Auten et al. (1985) to describe macro-level budgeting, within the agencies each level of decision acts as a ceiling, restraining the choices for the levels that follow. Each of the tiered requests within departments relies on information presented by levels in the departmental hierarchy below them, and each level must base its request of the expected budgetary allotment, or piece of the pie, for the level above them. This requires a great deal of communication and coordination between the levels of the agency hierarchy.

The coordination of budgets between sub-agencies is particularly important due to the use-it or lose-it nature of federal budgeting, and the difficulty in transferring funds from one federal line-item to another. If the agency misallocates funds, it may end up with too much money in one place and not enough in another. This is not an uncommon problem in federal agencies, and it contributes greatly to the public perception of wasteful spending in the bureaucracy (Mikesell, 2010); and rightfully so. It is hard for someone outside of the federal system to understand why an agency may be buying new furniture when the building the furniture sits in is crumbling. From inside the agency it's a simple matter--there is too much money in one account and not enough in the other. If we don't buy the furniture now, that money will go away and it may never come back, so at the end of the fiscal year we refurnish the still functional office even though on many other accounts we are just trying to scrape by till October 1, for example by rationing toilet paper and carefully monitoring the electric meter. In order to increase budget flexibility for the agency and avoid these scenarios, the budget distribution process for the NPS has been changed in recent years to decrease the proportion of the budget pie dispersed through base allocations and increase the proportion distributed through intra-agency granting (GAO, 2006). This allows the agency to hold funds for particular types of expenditure in reserve so that sub-agencies who come across a budget shortfall of one kind or another can seek additional funding to carry them through the year.

Governmental and Intra-Agency Grants. The use of grants as a means of distributing programmatic and project funding is an important feature of both macro and micro-budgeting. Today, many agencies and sub-agency units receive funding through intra-governmental and intra-agency grants (Mikesell, 2010). Although intra-governmental grants have been used for several decades, their use has accelerated recently and is now becoming a large part of the budget process in some agencies like the NPS.

Intra-governmental granting takes two primary forms: grants from Congress and grants within agencies. Grants given to agencies are the product of Congressional appropriation of funds to programs, but not directly to agencies. These programs are the product of policy that is designed to produce some social good, but that does not designate a specific agency to implement it. Sometimes these policies are a product of Presidential initiatives. Agencies (and some sub-agencies) have access to these specially appropriated funds based on OMB determination that they have the ability to fulfill whatever national objectives for which the funds were set aside. In this process agencies or sub-agencies bid competitively for the specially appropriated funds. Recent examples of this type of funding in the NPS are funds that were made available to the agency through the American Recovery and Reinvestment Act (ARRA) and the Great Lakes Restoration Initiative (GLRI). In both cases the NPS persuaded grant administrators that it was able to achieve the outcomes of the policies better than other competing agencies (though in the case of these policies more than one agency received funding, which isn't uncommon). After the agency was granted the funds their use of them to achieve outcomes was evaluated to determine if they would receive these special funds in subsequent years (NPS, 2012); this is also a common feature of governmental grants.

The second form of grant dispersal happens within the agencies. Grants dispersed within the agencies come in three varieties; a secondary competitive allocation of monies granted to the agency through the grant process described above, a need based competitive allocation of funds appropriated to the agency, and an agency initiative based competitive allocation of funds appropriated to the agency. Secondary competitive allocation of grant funds occurred with both of the ARRA and GLRI grants awarded to the NPS. Once the funds were awarded to the agency, the agency used a similar, competitive application process to distribute the funds downward to particular sub-agencies. Alternatively, intra-agency grants can be a product of some funds from the agency's appropriations that have been reserved by the agency for some distinct purpose rather than included in the base allocations distributed to sub-agencies. These funds can be reserved for the purpose of providing the agency flexibility to meet needs that arise mid-year; in this case the funds will be distributed to sub-agencies competitively based on the greatest need. This process was designed to eliminate situations, as discussed above, in which sub-agencies were left with too little money for pressing needs and too much money for less needed goods; however, the result has ended up being largely the same. Due to frugal distribution large portions of these funds end up being allocated near the end of the fiscal year in accordance with the "use it or lose it" policy. As the fiscal year wanes, the agency may realize that it has more funds than it can spend, and it will begin to distribute them to the lower levels for various projects. In many cases, the types of funds available do not line-up with the needs the sub-agencies have at the end of the fiscal year. Finally, other agency appropriations may be reserved as part of an agency-level initiative that seeks to promote some outcome in the agency. In this case, the distribution of the funds, like the grants from the OMB will be based on the sub-agencies showing its ability to utilize these funds better than competing sub-agencies.

Not surprisingly, as the proportion of Congressional appropriations distributed this way has grown, the proportion of funds allocated within the agencies this way has also grown. With respect to the NPS, the proportion of governmental funding distributed using granting processes has increased from 5% in 2000 to 20% in 2012 (Greenbook, 2012). This increase can be attributed to the influence of the reinvention movement and the underlying drive to push governmental operation toward a more market-driven approach. By allocating larger proportions of funding via competitive processes, pseudo-market competition is created among agencies and sub-agencies ensuring that funds are granted based of a record of performance and exemplary efficiency, rather than need alone. This is one of the several reform-based changes in the agency budgeting process that seeks to ensure that performance evaluation and auditing are highly ingrained into the budget allocation process.

Oversight, Audit, and Evaluation

The use of granting systems that introduce competition into funding systems is only the newest form of integrating of performance evaluation into the budgeting process. Congress has always engaged in the review of agency outcomes as a product of expenditure to some degree as part of the general agency oversight process. However, auditing and evaluation as the final step in the budgeting process has taken various forms throughout history. Traditionally, the system of evaluation has been less structured and more subjective, with Congress evaluating agency performance on wholesale programmatic outcomes and the sound fiscal management of appropriations (Behn, 1981). This evaluation was conducted primarily through the oversight function of authorizing and appropriating committees who continually assess the agencies under their purview and determine the effectiveness of policy implementation and the desirability of agency behavior.

The oversight process as a means of evaluating agency performance, however, has been criticized as being more fragmented and disjointed than systematic and continuous (Anderson, 2010: 272). Some agencies will receive a high level of intentional oversight and evaluation by congressional committees while others will receive very little. Most oversight and evaluation blends into legislation, budgeting, or veto processes so that it cannot be easily distinguished as "oversight" (Meier, 2000; 134). Meier identified three reasons why continuous and systematic oversight and evaluation of agencies and their programs was not common. First, oversight is not favored by Congress as a functional role that should command much of its attention. This is because Congress sees oversight as less than universally successful and not their primary role (Meier, 2000: 135). Second, limited time and staff make the extra work of effective oversight unappealing to Congress. Oversight is therefore treated as a peripheral function of the legislative and budgeting processes (Meier, 2000: 135). Finally, there is a lack of motivation for oversight due to the probability that overzealous evaluation may jeopardize agency programs that benefit some constituents (Meier, 2000). Because there are distributional effects of many programs, they may benefit the political careers of some members of Congress even if they are more costly than they are worth to the nation as a whole. The member of Congress, as a politician, is responsive to constituencies, not abstract notions of aggregate public welfare (Behn, 1981; 204).

Assessing Agency Performance

In this traditional evaluation process, an agency's performance is strongly tied to their ability to fulfill Congressional mandates, the needs of interest groups, and public expectations for service delivery (Meier, 2000). These assessments are highly political and measure the political favorability of programs and perceptions of agency behavior, rather than actual agency performance as a product of goal attainment and efficient operation. Though overtime this process has become more objective including the use of more systematic financial auditing by the OMB and comptroller general and the use of spending and outcome reports submitted by agencies annually to their authorizing and appropriating committees, it didn't necessarily seek to tie budget decisions to the achievement of distinct programmatic goals (Anderson, 2010). The introduction of sunset laws that required periodic re-authorization of legislation and resulting programs facilitated these changes making the evaluation process more consistent in nature and also creating a need for consistent information on agency and programmatic outcomes (Meier, 2000). The introduction of efficiency focused presidential commissions, and their resulting initiatives also played a pivotal role in increasing the objectivity of such evaluations.

In the 1960's and 1970's the Johnson, Nixon, and Carter administrations attempted to build policy analysis and evaluation into the budget process (Anderson 2000: 276). The Planning-Programming-Budgeting System (PPBS) was instituted by the Johnson administration. PPBS required agencies to set out programmatic goals and search for the most efficient and effective, or least cost, means of achieving them (Anderson, 2000). In the Nixon administration, Management by Objectives (MBO) replaced PPBS. MBO required agencies to specify goals and to measure progress toward achieving those goals. MBO did not enjoy much Congressional support and had largely disappeared by the time the Carter administration came into office (Anderson, 2000). Carter installed Zero-Base Budgeting (ZBB) which required agencies to specific different levels of funding and expectations of goal accomplishment at each level including the "zero" base. The zero base was defined not as no funding but as the level of funding (and goal achievement) at which the program would have no real value (Anderson, 2000; 276). By doing this agency were expected to assess the worth of programs and indicate which level of spending would do the best at the least cost. ZBB was discontinued at the end of the Carter administration. In the 1980's the total Quality Management (TQM) initiative led agencies to develop productivity measures (Breul, 2007). The measures of productivity created, however, were selective in scope and lacking in year to year continuity and the process was unstructured and voluntary. TQM did not survive into the 1990's (Bruel, 2007; 313).

Scholars have criticized these reform initiatives, arguing that for several reasons they are doomed to fail: they were crafted by agency outsiders with little understanding of administrative realities in U.S. agencies; they were instituted without much planning or testing; they conflicted with existing budgeting practices; they were time-consuming and difficult to implement; the Congress viewed them as efforts to shift authority to the executive; and they lacked continual presidential interest and support (Anderson, 2000; Thompson & Riccucci, 1998). These reform initiatives, however, did have the lasting impact of increasing interest and support for systematic evaluation of agency activities and efficiency. Congress has continued to direct agencies to undertake policy analysis and to report the findings of such analysis in a regular and systematic fashion. Further, the OMB has continued to collect and use performance information in the form of programmatic outcomes (Bruel, 2007: 313). These developments paved the way for the current reform efforts being assessed in this work.

GPRA. In 1993 a new initiative was born, The Government Performance and Results Act (GPRA), and this time it was the result of a joint effort by the executive and Congress (Thompson & Riccucci, 1998). The GPRA was preceded by the Chief Financial Officers Act of 1990 (CFO) which requires departments and large agencies to prepare annual financial audits that report on the results of funded operations (Breul, 2007). Three years later the GPRA was passed adding the additional needed forms and structures to create a government-wide approach to performance-based management. Although the act is accompanied by some supplemental policies that aid this process, the "GPRA is the centerpiece of a series of critical management and financial management reform efforts in the federal government that share the common goals of better [government] management and accountability for results (Breul, 2007: 313)."

This reform is still in place and has been credited by scholars as both more fruitful than previous reforms and much more likely to persist due to its status as law and its avoidance of the many pitfalls credited to previous reforms as described above (Anderson, 2000; Breul, 2007; Thompson & Riccucci, 1998). The GPRA was supported by the Clinton administration and enacted by Congress with the intent to shift the focus of agencies from inputs and processes to results--that is, to outputs and outcomes (Anderson, 2000: 277). Key features of the GPRA are a focus on strategic planning (linking activities to long and short term goals in order to create mission driven results), the empowerment of agencies and sub-agencies to make necessary changes to their programs through de-regulation, a focus on increased customer service and competition, and the linking of agency expenditure to programmatic outcomes (Thompson & Riccucci, 1998). The idea behind the reform, established in the reinvention movement and the NPR, is that agencies should carefully plan the achievement of mission-based goals, should link spending choices to goal achievement, and should have the authority to change the way that they operate so that they can better channel their resources toward goals. With these reform initiatives, agencies will be better able to manage their performance. Further, the linking of expenditure to goals and the reporting of this linkage to Congress for the purpose of oversight will ensure that agencies pursue and balance not only goal attainment but also efficiency and financial accountability (Thompson & Ricucci, 1998). The addition of competitive features, such as the grant based distribution of funds described above, acts as an additional incentive for agencies to focus on that balance.

The legislation mandates agencies, in consultation with Congress, to develop five-year strategic plans and annual performance plans that establish the performance goals for each fiscal year. These goals must be expressed in objective, quantifiable, and measurable terms (Breul, 2007: 315). GPRA also requires that agencies document and report on their success in achieving these goals (for the fiscal year) in annual performance reports. These reports summarize a number of different aspects of agency operation and management that facilitate the achievement of performance goals (Anderson, 2000). Chief amongst the reporting requirements is providing accurate data on the spending of agency funds for particular functions and for the achievement of particular ends (Breul, 2007). The GPRA's various reporting requirements aim to ensure that higher level administrators, executive officers, congressional decision-makers, and the public at large have access to clear and easily digestible information that explains how agency funds are used and what objectives are achieved with those funds (GPRA, 2002: 9). Performance reports are prepared annually that compare actual performance with the projected performance levels set out in the agency performance plans. Further, the submitting of strategic plans and annual performance reports is timed to provide decision makers with this information as they consider program levels and priorities and make budgeting decisions (Breul, 2007: 316). Though this reporting process was thorough and well timed, it is not without problems.

One of the problems that were recognized early in GPRA implementation was that GPRA reports were numerous, long, and difficult to navigate (Breul, 2007). They were not easy for readers to digest. The vast amount of data included in the reports was not user-friendly, and thus decision makers did not use it as intended. A study published by the GAO in 2002 confirmed that many Congressional Authorization and Appropriation committees, and even some agency administrators failed to utilize the GPRA produced reports in any consistent manner (GAO, 2002, 2). Though a recent report from the GAO indicates that there has not been much progress on this front (GAO, 2014), a couple of changes were made to the GPRA with the intent of increasing the usability of GPRA data. These were the PART amendment of 2002 under the Bush administration and the GPRA Modernization Act of 2010 under the Obama administration. The PART (Program

Assessment Rating Tool) amendment added a new required feature to the performance measurement and reporting process in the form of a standardized evaluation tool (GAO, 2002). The Modernization Act sought to reduce the number of required reports by integrating the data into a consolidated format; it also provided resources, particularly software, to make the compilation and analysis of performance data easier. Though both additions were highly impactful in amending the GPRA process, the PART amendment is of particular importance because of the effects it has had on the evaluation of agency performance and budgeting.

PART. Under the 2002 amendment to the GPRA the utilization of a standard evaluation tool, the Program Assessment Rating Tool (PART), is required of all federal agencies (GAO, 2002). Though the GPRA greatly "expanded the supply of performance information generated by federal agencies, OMB’s PART proposes to build on GPRA by improving the demand for results-oriented information" (GAO, 2002: 13). PART tools were designed to assess agency performance based on the agency's goals but in a consistent format across agencies (GAO, 2006). The purpose of PART under GPRA was to first increase agency effectiveness by simplifying goal monitoring, and second to provide the Congress and agency administration with objective agency performance information for purposes of determining funding in a compact and more user-friendly format. PART tools are used to create what are commonly called “agency scorecards.” These are essentially grade cards that give agencies and sub-agencies standardized scores on their performance in a few common categories including financial efficiency, organizational efficiency, and strategic performance (NPS, 2009b). The tool uses these three categories as a means of creating consistent and comparable data on agency performance that can be used to quickly assess changes in agency performance and performance differences across agencies. According to the

GAO, PART was designed to serve as a screen to help "identify expectation gaps, questions, and areas where further inquiry and analysis would be most useful" (GAO, 2002: 2).

The PART tool has become an important part of GPRA implementation in many agencies and is emphasized in agencies like the NPS as the primary way of communicating performance and efficiency to decision makers in the budget auditing and evaluation process. The GAO reported positively on the development of the PART tool due to its “potential to promote more explicit discussion and debate between OMB, the agencies, and Congress about the performance of programs" (GAO, 2002:2). However, the GAO also cautions that expectations for PART effectiveness should be moderated as “the accuracy and quality of evaluation information necessary to make judgments called for in rating programs accurately in highly uneven across the federal government" (GAO, 2002:2). Greater explanation of this tool and its standard measures is provided in chapter 5 with a detailed explanation of the use of the PART tool in the NPS.

Summary

The budgeting process is highly complex and continues to evolve with the addition of new mandates and policies governing it. From executive level planning through Congressional appropriation, the macro-budgeting process in the federal system requires a great deal of collaboration and compromise between many political decision makers. The micro-budgeting process of distributing funds within the agencies is no less complicated and is growing more so with the addition of new processes for distributing funds. The application of new evaluation processes through performance-based reforms has added another dimension to both macro and micro–level processes. These reforms promise to make the budgeting decision process a more informed one. Further, they promise to increase the efficiency and effectiveness of agency operations and spending. Will these promises be kept? The next chapter begins to address this question by reviewing the literature on GPRA based reforms and Performance Based Budgeting (PBB) in the federal government.

CHAPTER 3- GPRA BASED REFORMS: A FOUNDATION FOR PERFROMANCE BASED BUDGETING

The desire to increase efficiency and effectiveness in the public sector by linking objectives to outcomes, and holding agencies accountable for these outcomes is as old as public administration itself (Anderson, 2000). As outlined in the previous chapter, there have been a myriad of sequential performance and efficiency based reforms crafted and executed in the federal bureaucracy since the 1970's. In some way each of these reforms, though short-lived and poorly implemented, has paved the way or "fed the mandate" for the next (Kettl, 1998:16). Each reform has set out not only to establish more effective and efficient systems, but also to improve upon those that preceded it. In this way, each reform has come out of an identification of the failures of previous reforms and a plan to correct those failures. Reinvention and the GPRA are no different in this respect. The following sections will review the literature on the GPRA explaining how it has addressed the deficiencies of previous reforms and created an incentive structure for agencies using performance-based budgeting (PBB). The review will also address the criticisms of the GPRA and its use of PBB to set out some expectations for the subsequent analyzes of GPRA implementation and effectiveness in the NPS.

GPRA as a Response to Previous Reform Failures

The reinvention movement recognized that previous reform efforts failed because they were difficult to implement and lacked adequate support from political principles, the movement also recognized that excessive bureaucratic regulation made it difficult for agencies to create changes in order to increase their efficiency, further it recognized that previous reforms underestimated the difficulty of engaging agencies in performance measurement and provided no incentive for it (Anderson, 2000; Thompson & Riccucci, 1998). Reinvention sought to remedy the ills of previous reforms through the GPRA in a few different ways.

First, because the GPRA was a product of both executive and congressional influence it was believed that these political principles would have sufficient concerns for the effectiveness of the legislation and would support the agencies in implementing it (Kettl, 1998). Further, the legislation requires both executive and legislative participation in its implementation. For the executive, OMB plays an important role as an administrator of several GPRA programs including the acquisition process, the intra-governmental grant program, and the PART evaluations- as described in the previous chapter (GAO, 2002). Joint Presidential and Congressional approval of agency strategic plans and subsequent annual performance plans ensures that both branches are continually engaged in the process (Bruel, 2007). Further, because GPRA requires that performance reports be submitted to Congress for use in oversight processes and be publically available, there is incentive for the legislature to utilize performance data and, therefore, to monitor agency compliance with GPRA mandates (GAO, 2002).

Second, the GPRA was designed to replace a myriad of existing management, reporting and accounting procedures already in place with a more flexible pallet of management tools that could be utilized variably to meet unique agency needs, rather than simply adding new procedures as many previous reforms had done (Kettl, 1998). In doing this, the GPRA was supposed to simplify processes, reduce bureaucratic micro-management, and increase agencies ability to manage their performance. In reinvention "reformers envisioned a government in which barriers to effective government that kept government employees from doing their work as they knew how to do it were swept away- obsolete structures, archaic processes, and inadequate leadership (Kettl, 1998: 2)." "The reinventors proposed replacing top-down rule-based government with bottom-up customer-driven entrepreneurial government (Kettl, 1998: 2)." Following this promise of increased bottom-up control, the GPRA was also accompanied by acts that sought to increase agency flexibility in hiring processes, resource procurement (Federal Acquisition Streamlining Act 1994), and operational design (The Clinger-Cohen Act of 1996, and the Information Management and Reform Act of 1996) (Breul, 2007:314). These additional pieces of legislation were developed to help agency managers to be able to meet GPRA demands and also to aid in overall governmental efficiency increases.

Third, to ensure that agency management was both engaged in the reform process and had proper incentive to follow through with reform measures, including evaluation, the legislation included a careful plan for GPRA implementation. The first three years after GPRA was passed were dedicated to conducting pilot implementation projects in a selection of agencies and departments (Breul, 2007:316). Through these pilot projects, the Congress and OMB were able to assess the effectiveness of various implementation strategies, with the help of the GAO and were able to identify areas of success and areas of concern. Subsequently, the GPRA was revised in both its legal mandates and implementation protocols before it was rolled out government-wide (GAO, 2006). The lack of proper testing and agency inclusion in the development of previous reforms is identified as one of the prominent reasons for their failure. With this staged implementation process, GPRA was able to avoid many of the implementation problems experienced by earlier reforms. Further, engaging the agencies in the testing and formation of implementation strategies is credited with increasing agency buy-in. As pointed out by Riccucci (1997), the success of reforms lies with the great discretionary power of implementing agents. Therefore an inclusive implementation approach - that allows implementing agents some formative power - is pivotal to reform success. Although inclusiveness and agency buy-in are powerful incentives for agency compliance with the mandates and spirit of GPRA, in order to ensure that the objectives of the legislation are realized there is need for a stronger incentive structure (Breul, 2007).

Incentives, Performance, and Results

Simply implementing GPRA mandates- planning agency operations around mission based goals and conducting evaluations, even if done well, will not fulfill the objectives of the reinvention reforms (Berman, 2006; Breul 2007; Swiss, 2005). According to Kettl, reforms seek to produce a government that "works better and costs less" (1998). Though aimed at helping agencies to produce this result, good planning and measurement cannot do in alone. In order to produce results, using the reinvention approach embedded in GPRA, agencies must have some incentive to use the data produced by measurement in order to change their operations in a way that produces better results with fewer resources.

Creating incentives to motivate desirable behavior and accountability for performance in the bureaucracy is problematic (Poister, 2003). In the traditional political system, the production of desired outcomes is largely motivated by the direction of inputs toward the programs that produce those outcomes (Anderson, 2000). Congress designed such a system because it allows them great control over agency priorities and provides the ability to quickly distribute benefits to favored interests and constituents that support them electorally (Behn, 1981:214). In this system, agency accountability is a product of strict control over bureaucratic processes and the limitation of agency discretion through legislative mandates and regulations. These approaches to incentivizing behavior are not consistent with the reinvention model and the legislative intent of GPRA – which emphasize the deregulation of the bureaucracy and a focus on outputs rather than inputs or processes (Breul, 2007). In this system, accountability and motivation must be leveraged in a way that rewards or punishes agencies for the outcomes that they produce and goals that they achieve. Using the annual distribution of spending authority through Congressional appropriations, and other funding mechanisms is an intuitive way to allocate such rewards and punishments. "In the appropriations process elected officials have a clear sanction to apply against administrators that disregard congressional intent; they can withdrawal the resources that administrators need to operate programs (Meier, 2000: 128)." Similarly, the budget can be utilized to reward agencies that perform as the legislature has intended.

The budget is advantageous as a means of exercising control over the bureaucracy because of its periodicity. Since appropriations must be reviewed on an annual basis, they provide Congress with an opportunity to apply sanctions and rewards infrequent and consistent intervals (Meier, 2000). Further, the loss or expansion of budget authority has the direct result of facilitating the expansion, curtailment or even elimination of programs based on their effectiveness. The use of budgets to incentivize performance is known as Performance Based Budgeting or PBB. The use of PBB as an incentive structure is an important part of reinvention under GPRA, but it is not without criticism.

Performance Based Budgeting (PBB)

PBB is not a new concept; it has been utilized in the non-profit sector and state and local government for quite some time. Though the concept of the PBB has been considered in previous federal level reforms, and has utilized in some agencies in a limited context, it has never been adopted as a structural component of the federal budgeting system. This may be due to the difficulties associated with PBB as a budgeting system, which will be discussed further in the following sections, but it is also due to the lack of systematic performance evaluation across agencies prior to GPRA implementation- which is a necessary foundation for PBB. With this foundation now in place the adoption of PBB is seen as an effective means of creating incentives for both agency performance improvement, and Congressional engagement in reform efforts under GPRA (Breul, 2007). PBB is a favored solution to the "incentive problem" for several reasons.

First, GPRA was designed to link resources to performance and to link budgeting decisions for agencies to their performance, as measured by goal achievement. Under the GPRA there is a particular emphasis on improving the alignment between budget resources and performance goals, identifying the full cost of programs, and developing measures of the unit costs of products, services and results achieved (Breul, 2007). Developing these cost estimates is intended to facilitate decision makers in determining the "output value" of such expenditures, and perhaps to determine whether such expenditures are worth continuing. Though there is some debate about the degree to which GPRA goals are budget based, Senator John Glenn is quoted as stating that "the ultimate goal of GPRA is to use program performance information to guide resource allocation decisions" (1997). From this view, the GPRA was designed largely to facilitate PBB. Even if one were to disagree with this statement of intent, clearly the desire to link performance and budget decisions is strongly embedded in the legislation. This desire is rooted in the New Public Management philosophy behind reinvention that seeks to utilize business sector approaches to improve government efficiency and effectiveness (Denhardt & Denhardt, 2000).

Linking performance to budgetary allotment is the closest way to mirror the market behavior that guides efficiency and effectiveness in the private sector (Moe, 1984). This is the second reason PBB is seen as a favorable incentive structure for facilitating GPRA objectives. Firms that do not produce high-quality products efficiently are out-competed by those that do. The result is financial gain for those that perform and financial loss for those that don't. This market system indicates that a monetary reward is a powerful form of incentive (Moe, 1984), and PBB seeks to apply this incentive to public agencies. If public agencies know that poor performance will lead to budgetary losses, and perhaps their own demise, then there is great incentive to ensure performance (Breul, 2007).

A problem often identified with the application of this theory to public organizations is that many of them are monopoly producers; if they cease to be able to produce their product or service there is no alternative producer (Moe, 1984). Some have argued that this makes the threat of budget cuts based on performance either empty or unethical. This is because the "collateral damage" in the form of the loss or severe decline of public services is socially harmful, and decisions that produce this damage are politically unfavorable (Swiss, 2005:597). Others argue that monopoly production is the core problem that makes such accountability measures necessary (Anderson, 2000). From this view agencies underperform and operate inefficiently because they can. As monopolies, agencies lack a bottom line and are therefore obsessed with process rather than results (Kettl, 1998). Theoretically, the loss of some portion of their budget will force agencies to become more efficient in their processes and give them incentive to produce results so that they may have the opportunity to gain lost budget authority back, or simply not lose any more (Swiss, 2005).

The third reason that performance-based budgeting is a favored solution is that appeals to the political desire to increase fiscal responsibility in the federal government. It promises the desired outcome of reduced budget outlays and increased production of public goods at a lower cost (Kettl, 1998). The cost of governmental services is a constant source of conflict and debate in the U.S., and has been for many decades. The public wants more services and fewer taxes (Box, 1999), and politicians are left with the challenge of trying to determine to most favorable allocation of resources in order to provide wanted services at the least cost. Theoretically, if performance dictated budget, then this decision process could be simplified, if for no other reason than to give decision makers evidence to justify their appropriations decisions. Decision makers have been documented in using evaluation information to justify or legitimate decisions that they have already made, to vindicate programs in the eyes of constituents, and to pass the buck on controversial choices (Weiss, 1972). As budget decisions become more controversial having the ability to justify them becomes more politically favorable, whether this leads to budget decisions that produce a government that "works better" or not.

Does PBB Work in the Federal Bureaucracy?

Beyond the probability of budget losses creating negative "collateral damage" in lost public services and the concern for misguided budget choices, there are several others problems that have been identified with performance-based budgeting. These problems lay in the ability of public agencies, and the political system that governs them, to create the conditions needed in order for the system to work (Schick, 2000); and in the ability of such a system to be designed with enough finesse to be motivational rather than de-motivating.

There is a lengthy history in the federal government of the agencies themselves, the GAO, and other organizations outside government sponsoring performance evaluations of governmental programs (GAO, 2002, 10). These include evaluations of processes, evaluations of outcomes, and sometimes both. These evaluations often are extraordinarily difficult and expensive to conduct, especially for programs without clear goals and objectives, programs that have not been in place for very long, and programs with stakeholders who oppose the evaluations because of their fear that findings will shed poor light on the program (Poister, 2003). Evaluations of outcomes, done honestly and expertly, often find nil or partial program success. Done less expertly, and with inadequate resources, evaluations will measure the wrong outcomes, develop inappropriate measures of outcomes, use a design that cannot distinguish whether the program or some other factor was responsible for the outcome, or have some other flaw (Guajardo & McDonnall 2000). Though the GPRA creates the foundational performance measurement system needed for PBB, and includes various mechanisms for granting agencies greater operational control in order to manage their performance (Kettl, 1998), there are some aspects of the system that are worrisome in the context of PBB.

Like all performance evaluation systems, there are several key features that dictate the functionality of PBB. First, there must be a clear linkage between stated performance goals and desired outcomes (Weiss, 1972). Second, performance goals must be achievable (Weiss, 1972). Third, there must be a way to accurately measure the achievement of performance goals, and these measures must be comparable such that increase or decreases in performance can be gauged (Weiss, 1972). Finally, the structure of rewards and punishments must be employed consistently and transparently so that it can incentivize behavioral choices that impact performance (Berman, 2006; Guajardo & McDonnall, 2000; Poister, 2003; Swiss 2005). Assessment of PBB for public agencies has shown the fulfillment of these requirements to be problematic due to the difficulty in clearly defining agency objectives and turning these objectives into measurable goals. Further, it is argued that agency managers still have an inadequate ability to enact changes indicated as necessary in order to achieve performance goals, due to limited discretion. Finally, there is considerable doubt that political principals will apply the incentive structure through the allocation of budgetary awards and punishments based on performance. The following sections will discuss each of these more specifically.

Public Objectives and Measuring Goal Achievement

Performance measurement is about measuring what agencies are actually doing and if what they are doing is actually contributing to the achievement of goals that fulfill public objectives

(Berman, 2006; Guajardo & McDonnall, 2000; Poister, 2003; Weiss, 1972). Many want to know about goal achievement, particularly since public money is being spent (Berman, 2006). Have expenditures resulted in intended and favorable outcomes? The GPRA and PART are presumed to enhance the accountability of agencies by providing information about performance to principals, namely the Congress and the President who authorize programs and fund them, and to the public that elects members of Congress and the President. Through evaluation, agencies must justify that their choices and the activities they undertook were legitimate, effective and in the public interest (Berman, 2006, 143). If done right, performance measurement systems require agencies to provide considerable detail to all of the stakeholders listed above about programs and how well they are working (Berman, 2006; Guajardo and McDonnall, 2000; Poister, 2003; Walters, 1998).

A problem with this tactic, however, is that accurately measuring agency performance is not easy and decisions made based on flawed performance data will lead to poor outcomes (Poister, 2003; Propper &Wilson, 2003). Accurately measuring agency performance, as described above, requires the conversion of agency objectives into measurable goals (Berman, 2006; Guajardo and McDonnall, 2000; Poister, 2003; Swiss, 2005; Walters, 1998; Weiss, 1972). This may be a difficult process for public agencies for two reasons. First, agency objectives are not always clear (Propper &Wilson, 2003). Second, the conversion of objectives into measurable goals is not always possible; and when it is, the conversion is often imperfect (Weiss, 1972; Anderson, 2000).

Agency Objectives. The objectives of an agency, sub-agency, or public program are often multiple, and sometimes conflicting (Denhardt & Denhardt, 2000; Propper &Wilson, 2003; Wilson, 1989). This is a product of the policy process. In policy adoption crafting majority support for the passage of legislation requires compromise. In order to facilitate compromise, the resulting legislation often includes multiple components and vague language (Anderson, 2000; West, 1984). Further, because there are often differing interests represented in the coalition supporting the legislation, there are also differing intents behind the various parts of the legislation (Anderson, 2000; Denhardt & Denhardt, 2000; Meier, 2000). In implementation, the agencies are tasked with sorting these differing policy components and intents into workable programs (Wilson, 1989). This will usually result in differential treatment of the components of the legislation based on the degree of influence of supporting interests, the guidance of oversight committees, and the feasibility of implementing each (Wilson, 1989). Additionally, the agency will apply its own established policy goals and interests to the interpretation of these new legislative demands (Propper &Wilson, 2003; Wilson, 1989). Finally, the principle objectives of an agency or program -amongst its many legislative mandates -may shift over time due to constituent demands and changing circumstances in the internal and external political environment (Anderson, 2000; Denhardt & Denhardt, 2000). In summary the multitude of demands put on agencies and the myriad of principles that agencies must be responsive to make determining the "real objectives" of a program difficult to decipher (Anderson, 2000; Propper & Wilson, 2003; Wilson, 1989). Without clear objectives constructing measurable goals that will accurately reflect agency performance is impossible (Berman, 2006).

Under the GPRA this problem is approached by requiring agencies to set out strategic-mission based – plans from which agency goals and annual objectives will be derived (Breul, 2007). These plans are intended to clarify the goals upon which agency performance will be gauged. The goals are also designed to match up with budget line-items for each agency in order to facilitate PBB (Breul, 2007). On paper, this system seems to ameliorate the problem of multiple objectives. However a problem identified by the GAO (2006) in assessing the appropriateness of implementing PBB among the federal agencies, was that many agencies have a greater number of strategic goals than they do line items in the budget. This means that some line items will be correlated with multiple goals, which will then be broken down into a multitude of outcome objectives, and then into an even greater number of output goals (Breul, 2007). Even if goals at the line-item level are compatible, objectives at the outcome and output level may conflict. With the Congressional propensity to be particularly concerned with processes and agency actions rather than outcomes, these lower level objectives may become a stronger decision tool than higher order goals (West, 1984). The conflict between these objectives and higher-order strategic goals may lead to goal-displacement and may skew the ability of performance measures to exhibit clearly the level of agency compliance with legislative expectations (Swiss, 2005). The establishment of measurable objectives that necessarily lead to the achievement of goals is difficult even with clear goals.

The Problem of Measurement. Agency goals must reflect the achievement of some desired outcome in a measurable way. The difficulty for public sector organizations in establishing these goals and measuring outcomes makes effective evaluation challenging. Like agency goals, the objectives of public programs can be vague, multiple, and complex. This makes measuring outcomes inherently difficult and controversial. Where objectives and goals are not clearly defined converting them into expected outcomes and equivalent outputs will be difficult (Poister, 2003).

A good example of an unclear objective with unclear goals, and the difficulty of converting it into measurable outputs in the NPS is the objective of "leaving landscapes unimpaired for future generations". The concept of impairment has no clear definition. For some, impairment means keeping things mostly intact; for others it means strictly ensuring that no aspect of quality is degraded. Narrowly defining the objective of deterring impairment is problematic not only because the contextual meaning of the word is ambiguous, but also because a narrow definition may exclude a number of important considerations, but a broad definition may conflict with the equally important NPS objective of providing enjoyment to the American people. Defining and measuring what strictly constitutes impairment and enjoyment can be both daunting and controversial. For these reasons, it is far more common for public sector organizations to measure goals rather than objectives, and "outputs" rather than "outcomes." With respect to impairment, output measures would include a number of things such as how many trees are cut, the proportion of the landscape left in its natural state, or the proportion of the unit's budget dedicated to resource maintenance and restoration. Though none of these measures by themselves can equate to the full scope of what one might consider the ambiguous outcome "impairment", they are things for which clear goals can be established and that can be measured fairly easily and consistently in the form of an output. The idea is that collectively a series of such outputs, if well selected, may be able to closely approximate the outcome of avoiding impairment. Sometimes, however, output measures don't have much to do with desired outcomes and measuring outputs will tell us very little about actual outcomes (Berman, 2006).

For example, in the context of impairment, a park unit may have goals, and output measures, to preserve all of its trees, leave a large portion of its landscape in its natural state, and invest greatly in maintenance and restoration in order to meet its objective, but still fail to measure other factors that are contributing to substantial impairment. Another unmeasured variable, such as an aggressive invasive species, could be causing significant harm. If this were the case, a park could be performing excellently on paper, due to meeting its output goals, but in reality performing very poorly at achieving the desired outcome. Due to the multitude of variables that must be considered it will take park units a great deal of research, and perhaps trial and error, to develop measures that will be valid indicators of whether impairment is occurring or not. Additionally, even when a park unit has identified valid measures, over time the very nature of impairment may change, with the old measures becoming less important. Something like climate change may alter the natural state of a wild area and the types of flora and fauna that inhabit it may shift, urban development may encroach upon the park posing new threats to impairment such as pollution and litter, or new laws may be passed requiring the park to add handicap accessible trails which will inherently decrease the amount of landscape in its natural state. These recognition of alternative sources of impairment highlights another important consideration when attempting to measure outcomes; causal chains.

In order for outputs to adequately measure outcomes, they must account for all of the factors that contribute to that outcome. It is often difficult to identify all of the causes behind any distinct effect (Anderson, 2000). This is particularly true in public organizations that utilize “unclear technologies”. An unclear technology is any operation, process, or technique that may have variable effects; meaning that the use of the same process or technique is not guaranteed to lead to the same outcomes all of the time (Swiss, 2005). In this case measuring the output of the process as a proxy for the expected outcome is risky. Further, where there are outside actors or influencing contributing to the production of outputs, or influencing their ability to exact the desired outcome, measuring such outputs is problematic (Kettl, 1998). Using the example of impairment above, things such as Climate Change and the encroachment of urban development are external factors that are difficult to account for in the causal chain between protective goals and their outputs, and the end objective of avoiding impairment.

Another problem with the accurate measure of outcomes is time. Often the desired outcomes of public organizations do not occur as an immediate product of decisions or operations (Anderson, 2000; Poister, 2003). However, in PBB the time-frame for assessing program effectiveness is very short, one year, and does not match the timeframe for outcome development (Swiss, 2005). In order to assess program performance, for the purposes of allocating rewards or punishments, some measure of progress toward the outcome must be made. This is difficult to do. In these cases outputs of actions that are believed to be highly causally linked to the outcomes are measured as a proxy for progress, however as previously explained this in itself can be problematic for accurate performance measurement and can lead to goal displacement (Swiss, 2005). The problem of time can be applied to the example of impairment in the context of landscape restoration. Restoring a landscape to its natural state is a process that can take decades to occur. Further, the rate at with natural systems repair themselves is not consistent. Assessing progress toward restoration using outputs such as the number of a species present, or the variety of flora or fauna in the area could be highly faulty as some species will return progressively and others will emerge quite suddenly.

As this example shows, the task of identifying and validating measures of impairment is a continual challenge that requires many considerations. This is likely true for the majority of agency outcomes and goals, which mean that accurate evaluation will require vast resources and continual efforts. The demand for vast resources and efforts in creating an effective PBB system, however, goes far beyond creating accurate measures. This is only the first step in the process.

Implementation, Administration, and Management

In order for PBB to work, or any form of performance management system, not only must the system of evaluating performance be well designed, but it must be well integrated into agency management and operations (Anderson, 2000; Breul, 2007; Kettl, 1998). Proper implementation of a comprehensive reform system requires a strong commitment from the agencies and their governing principals. Congress and the executive must provide agency management with support and adequate resources; including planning and evaluation tools and the training to use them properly (GAO, 2002). Further, proper implementation of performance-based reforms requires that Congress give the agencies discretion to make the necessary changes to their operations in order to both implement reform measures and to meet reform objectives (Kettl, 1998). The agency, then, must follow through with proper planning practices, ensure that the objectives and goals articulated in the plans are clearly communicated throughout the organization, and build management systems to facilitate both the reform requirements and the achievement of goals (Kettl, 1998).

The level of material and non-material support for reform implementation provided to the agencies by their political principals is a matter of debate. Though the implementation process, as described above, has been deemed to be far more effective than those of reforms past, there is still substantial concern that political principals have provided inadequate support for the agencies. Similar to reform movements of the past, critics have suggested that the policies established under reinvention will fail to improve agency performance because of its neglect of political leadership (Thompson & Riccuci, 1998). The ability of agencies to improve performance is hindered by the overhead control by principles, including Congress, the President, and political appointees (Kettl, 1998). From the results of a 1996 survey conducted by the Merit Systems Protection Board Donald Kettl concluded that "reform efforts succeeded in motivating employees, quite predictably, to the degree to which top government officials made it an important goal (Kettl, 1998: 17)." Effective implementation clearly requires both bottom-up and top-down efforts, however due to the distribution of power, appears to hinge greatly upon top-down efforts.

The problem of excessive hierarchical layering at the highest levels of the federal government is credited with creating dysfunctional management of the bureaucracy, as these layers were created precisely for the purpose of limiting discretion and disempowering the bureaucratic front-line (Light, 1995). In order for reforms to work much of this control must be relinquished and more power must be distributed to the lower levels of bureaucracy (Swiss, 2005). This means that not only must the Congress provide greater discretionary powers to the agencies, but that top-level agency administrators must also relinquish some control of agency operations to sub-agencies and their managers (Kettl, 1998). Further, this requires that agency managers, at all levels, have the leadership capacity and managerial skills to be able to create efficient and effective systems outside of the overhead controls of political principals. “There is concern as to whether reinvention can succeed in a milieu where top political appointees often lack these leadership and managerial skills and evince little concern about the long-term administrative capacity of the executive branch (Moe, 1984)”. The impact of agency leadership on implementation can be seen in the results of the 1996 Merit Systems Protection Board Survey. The surveys of federal workers revealed that “reforms have widely varying penetration into different federal agencies and that the more energy invested by the agency’s political leaders the greater the impact (Kettl, 1998: 17).” In agencies where leaders have not made meeting reform objectives is not a priority and invested in reform implementation, the impact of reforms is not likely to be great.

The problem of investment by agency leadership may be a product of muddled messages about management expectations within the reform effort (Kettl, 1998). The design of reforms is somewhat contradictory; “should managers be freed from the constraints of tight overhead control and encouraged to follow their management instincts and professional training, or should strategic plans be set for their work and then have policymakers hold them strictly accountable through performance measures (Kettl, 1998: 3)?” Beyond this contradiction of management expectations, there is a more serious contention about the true objective of the reform efforts.

Are these efforts really about increasing agency effectiveness and increasing the democratic values of accountability and responsiveness in the bureaucracy – the "works better" approach- , or are they more about increasing efficiency and cutting costs- the "costs less" approach? Can government really work better and cost less at the same time? And if not, which is the top priority? The emphasis on PBB and the political pressures to save money seems to have placed the greatest value on cutting costs. Downsizing became an external focus of the NPR in the 1990's which trickled down into the implementation of reinvention through GPRA and PBB reforms efforts. Downsizing efforts muddled agency understanding of the intent behind reforms, and created distrust and weakened motivation amongst agency personnel (Swiss, 2005). The lack of motivation among agency personnel is a source of real implementation problems (Berman, 2006). The five-year assessment of reforms conducted by Kettl in 1998 showed that in many agencies there was "a wide gulf between the energetic reforms launched by middle managers in projects like the reinvention labs and the leadership of top agency officials (Kettl, 1998:34)." According to Kettl, as middle managers were eliminated and/ or disempowered by top-level officials, the loss of their energetic contribution to implementation efforts made reform efforts" self-limiting" (1998:34). Kettl went on to explain that just as the federal government was making vast reductions in middle managers across the bureaucracy, in the name of adopting the flatter organizational model of the private sector, the private sector was actually rediscovering the importance of middle managers as " high-impact players" (1998). Kettl criticized the practice of "amputation before diagnosis" and the general inability to grapple with basic organizational issues as the most notable failure of reform efforts at the time of his assessment (1998:21).

Kettl is not alone in these criticisms. The failure to adequately manage the implementation of reform efforts from the top-down is a primary criticism found in several other reports on reinvention and the GPRA. Breul (2007) recognized the failure of OMB and top agency management to utilize the pilot projects as an opportunity to carefully review in value of particular changes in organizational structure and process elimination in GPRA implementation as a primary failure. Further, James Swiss (2005) points out that the lack of leadership in reform implementation leads to a deficit in understanding amongst agency managers. He argues that the lack of proper knowledge about evaluation and performance-based systems makes proper implementation and utilization of such systems nearly impossible (2005). This concern was echoed by the GAO in their 2006 study of the implementation of performance budgeting tools at pilot sites. In this study, they found that many managers felt negatively about adopting performance budgeting because they were untrained and not properly prepared to use performance evaluation tools. Further the study concluded that most of the sampled managers who did use these tools have not been rewarded for doing so (GAO, 2006).

The failure to reward agencies for implementing reforms, adopting evaluation processes, and improving performance, or punish them for not doing so, is a the final major concern about the ability of the federal government to operate under a PBB system that must be addressed. The proper use of incentive is pivotal to the success of any reform effort (Breul, 2007; Kettl, 1998; Schick, 2000; Swiss, 2005). The arbitrary delegation of rewards and punishments leads to confusion amongst agents about the objectives of reforms and also diminishes motivation to implement them, such as Kettle found (1998) was the case for middle managers. So far, assessment of GPRA has not provided much evidence that performance has influenced budgetary decisions and that PBB is being utilized to delegate rewards.

Performance and Budgetary Decision Making

Performance measurement means little if government managers do not integrate it with the budgetary system (Kettl, 1998: 53). The performance-based system under GPRA was designed with budgetary utilization as an intended use of performance data, if not the primary use- as previously explained. Despite this intent, there is little evidence to suggest that this has occurred at either the macro or micro-budget level.

During the 2002 budget formulation process, OMB selected five agencies as case studies for documenting and analyzing the use of performance information in the budget process. Breul (2007) found that instead of linking anticipated results to alternative spending levels so that the value of additional spending authority could be assessed in terms of programmatic results, they submitted a report to Congress with descriptive accounts of how each of the five agencies had collected and utilized their performance information. Presented this way, the data offered little explanatory incentive to budgetary decision makers to adjust allocations toward any particular performance goals. The 2002 GAO assessment of the use of performance data in Congressional budget decisions found similar results and concluded that there was no evidence that performance data had been utilized by either authorizing or appropriating committees in making determinations about program expansion, contraction, or funding. Both studies suggested that the underutilization of data was a product of GPRA reports being untimely and too voluminous to use (Breul, 2007; GAO, 2002). However, a follow-up study published by the GAO in 2014, that assessment 27 agencies, showed little improvement in the use of the data despite the addition of the PART tool as a simplified performance data reporting mechanism. Further, the 2006 GAO study conducted to assess the use of performance data at the micro-budget level, found that the data was only be used in grant allocation decisions and not in overall sub-agency budget allocations. Though the research on the use of PBB at the micro-budgeting level is limited to this study, the findings suggest that PBB is not being well utilized there either. Some reform scholars argue that without the integration of performance data into the budgetary process that the GPRA "risks becoming a hollow paperwork and reporting exercise unrelated to the work of Congress or the agencies" (Breul, 2007: 328). The question is why the data is not being utilized when so much emphasis has been put on performance measurement and improvement. The problem, according to the literature, is the nature of the budgeting process.

The Nature of Budgeting. Budgeting is not as easily reformed as other management functions; it is the most intense of them all because it directly determines who gets what (Swiss, 2005). Allan Schick, a longtime scholar of executive reforms, has said that "efforts to budget on the basis of performance will almost always fail" (2000:42). According to Schick, there is a problem of compatibility between PBB and the political system of budgeting (2000). Economic rationality and political rationality are often in conflict (Behn, 1981) because politicians make resource decisions based on the interests of constituents and lobby groups, who have little regard for aggregate efficiency (West, 1984). Further the politician is swayed by the investments he or she has made in programs (Behn, 1981) and the sunk-costs that performance analyses write off, are a vested interest to the politician (Schick, 2000). Practicing PBB, or even some modified version of it, would require Congress and the President to relinquish a large amount of budgetary control and limit their ability to use the budget as a political tool. This is unlikely to happen because these principals are under tremendous pressure from allies and supporters to fund particular programs (Fretwell & Podolsky, 2003; Swiss, 2005:598) Further, Congress is under vast political pressure to cut costs and for many of its members their credibility linked to the creation of large savings (Kettl, 1998). To create savings requires tough words and big cuts which may be difficult to do if only those programs that are underperforming are on the table (Kettl, 1998). In any case, the loss of budgetary discretion does not appear to be a favorable outcome for politicians who use the budget as a means of achieving a variety of political goals beyond managing agency performance. Though these political realities may adequately explain the failure to implement PBB from the macro-budgeting level, it might be argued that they do little to explain the failure of PBB at the micro-budgeting level.

Budget Control of Sub-agencies. It is assumed in the sequential model of budgeting, presented in the previous chapter, that agencies have a high level of discretion in the allocation of funds to their sub-agencies. Following this assumption would lead one to believe that implementing PBB at the micro-budgeting level should be far easier than at the macro-budgeting level. This assumption is based on the notion that the political battles over resource expenditure end with the allocation of distinct allotments to individual agencies. However, some research has shown that this is not really the case. This research shows that the political variables that contribute to budgetary decisions at the macro-level were also influential at the micro-level.

Macro-level budget decisions can determine micro-budget decisions in a couple of ways. First, macro-level influence is built into the structure of the federal budget. The federal budget includes multiple line-items for each agency - and some for specific programs that may be run through the agencies; this means that Congress and the Executive have distinct control over the allocation of agency funds toward the particular type of use designated by the line-items (Breul, 2007). The more line items an agency has, the greater the level of control that can be exerted over sub-agency allocation by these political principles. Confirming this practice, Kamlet and Mowery (1980) found that in some cases appropriations decisions did include specific budget allocations for sub-agencies and sub-agency programs. They found some budgetary discussions between the appropriations committees and the OMB reviewed the breadth of agency programs in extensive detail, and rather than considering changes in funding across the agency as a whole that the funding for specific programs or projects was considered for adjustment or elimination.

Additionally, as political actors, appointed personnel within the agencies are influenced by the external political environment (Wood & Waterman, 1991). They may be influenced by the desires of Congressional actors who authorize the agencies programs and oversee the distribution of other types of benefits to the agency. This external influence can ensure that some agency priorities win out over others (Wood & Waterman, 1991). A recent study by Sarah Anderson and Laurel Harbridge (2010) found that whole programs and offices may find themselves on the chopping block despite only small budgetary changes at the macro-budgetary level (464). As this research suggests, overhead control of micro-budgeting practices can vastly limit an agency's ability to allocate funds making the implementation of PBB difficult at the micro-budgeting level as well. Beyond technical questions of implementation for PBB effectiveness, there are also some methodological questions about PBB effectiveness that ought to be addressed.

Motivating Performance with PBB: the Question of Finesse

The final criticism of PBB as an incentive tool for increasing agency performance is less a matter of execution as it is a matter of design. Can a system of PBB be designed with enough finesse to be motivational rather than de-motivating? As explained in chapter 1, earlier assessments of GPRA- PART implementation found negative results when they assessed the perceptions of agency managers of the performance-based management system. This negative feedback was largely focused on the assumptions of managers that this system was likely to result in punishments, in the form of resource losses, rather than rewards (GAO, 2002). Though, this response could be attributed to the "muddled" messages about the intent of reforms received by agency managers described by Kettl (1998). It can also be attributed to the inherent messages embedded in the concept of PBB.

PBB is built on a rationalistic theory or organization in which “organizations exist to give effect to policy intentions: Organizations are seen as the instruments of policy-makers, created to give effect to their intentions. Even if they have not been specially created for these policymakers, executing these policy intentions is their sole raison d'etre” (Colebatch, 1995:149). According to Colebatch, under this theory of organization the application of program evaluation is part of an agenda of control, both intra- and inter-organizational (1995). This is what Guba and Lincoln call “third generation” evaluation. Third generation evaluation is about using evaluation as the basis of control by the central organization of the non-central parts of the organization (Colebatch, 1995:159). The use of third generation evaluation approaches under GPRA reforms is problematic for two reasons. First, third-generation evaluation, and the approach to organization from which it comes, is based on a number of assumptions about organizational behavior and human motivation that many argue are fundamentally flawed. Second, the premises of this form of evaluation are in direct conflict with the stated intentions of the reinvention reforms that are supposed to empower agencies from the bottom-up and be guided by the needs and desires of the served public as “customers”.

Organizational Behavior and Human Motivation. The assumptions about organizational behavior and human motivation upon which evaluation systems such as PBB are built, take a generally negative perspective on motivation and productivity. This view often referred to as a “theory X” approach, based on McGregor’s differentiation between types of workers who dislike work (X types) or view work as natural as play (Y types), suggests that people will avoid productivity by default and only become productive when given proper incentive (Berman, 2006:19). In traditional organizational theories ideas of proper incentive revolved around punishments and coercion. Later as organizational theories evolved, largely in the business sector, other theories of human motivation emerged bringing new ideas of incentive with them. These later theories, largely built off of Abraham Maslow's hierarchy of needs (1954), suggested that rewards, such as monetary compensation and promotion were more effective forms of incentive (Berman, 2006: 127). In the case of performance management this theory is extrapolated beyond the individual worker to the level of the organization as a collectivity of workers; where the workers are productive, the organization is productive. These reward based approaches to incentive fit well into the private sector business model where increased productivity leads to increased profits that can be redistributed to workers in return for their performance. However, applying these approaches to the bureaucracy requires greater effort that considers the unique environment in which public sector organizations operate. If incentive structures are not crafted carefully, the result can be a return to a coercive, punishment-based approach that does not capture the benefits of a market model. In the context of PBB, this appears to be the case.

Because the reward incentives created naturally by the market do not exist in the public sector, it is assumed that bureaucratic agencies as a collective of workers will have little natural incentive to be productive. The increased productivity of the organization does not automatically return increased rewards that can be distributed to workers in return for their contributions. Further due to budgetary control, monetary rewards - or even promotion - are not always available options for incentivizing worker performance. In such a case, there is a theoretical fallback to old approaches to incentive that depend on punishment and control. In the context of PBB, a complex set of incentives that relies on both old and new theories of motivation is used. At the organizational level, PBB creates a pseudo-market environment, as discussed above, where the individual organization or sub-unit is rewarded for its performance – as measured by evaluation. These rewards come in the form of budgetary increases, similar to market driven rewards in a private sector. However, because such rewards cannot necessarily be redistributed to workers in return for their productivity, there is a lack of continuity in the application of the business-sector incentive model. As a result PBB, and the performance evaluation process therein continue to rely heavily on control based systems of productivity management that focus on coercion and punishment to incentivize performance.

For example, because high performance or low performance does not automatically trigger a budget reward or loss, these organizations are required to conduct evaluations that can be used by others to determine if rewards should be distributed -an artificial market response. However, because there is a probability that punishments will be distributed rather than rewards, depending on what the evaluations show, it is likely that organizations will not be motivated to conduct them (Berman, 2006). The lack of reward produced by no evaluation may be seen as favorable to the probability of receiving a punishment as a result of evaluation. This means that there must be some incentive to engage in the act of evaluating, in the case of GPRA reforms, that incentive is punishment in the form or Congressional action. Further, once the organization has been given incentive to engage in evaluation, there is little incentive for workers inside the organization to focus on performance improvement because the rewards and punishments reaped by the organization in the form of Congressional reprimand, budget losses or budget increases will likely have little direct effect upon them. As a result, coercive control measures must be adopted within the organization to ensure compliance.

The adoption of such a system sends signals to the agencies that it is applied to. These signals tell agencies that the principals that are applying incentive system subscribe to the negative assumptions about human motivation behind it. This is problematic because, assuming that the agencies and their personnel don't identify with these assumptions about themselves, the fact that their principals see them in this way can create resentment and be de-motivating (Berman, 2006: 127). This, however, is not the necessary outcome of an evaluation-based incentive system.

A Better Approach to Evaluation. Though the third-generation approach to evaluation that PBB currently rests on may result in negative motivation there are newer approaches to evaluation that do not. Guba and Lincoln's 'fourth-generation evaluation,' provides are more inclusive approach which undermines hierarchical control by accepting the validity of the diverse understandings of performance and productivity held by all the organizational stakeholders, i.e., managers, sub-ordinates, and citizens served (Colebatch, 1995).To the extent that these stakeholders are seen as having standing in the organization, it is argued that they should be able to shape the format of the evaluation. This approach is much more consistent with the theoretical messaging behind reinvention that stresses bottom up empowerment and citizen influence. "The form that evaluation takes reflects the understanding of organization on which it rests. To the extent that organization is seen as coherent, instrumental and hierarchical, program, evaluation is likely to focus on output and to strengthen central control. To the extent that organization is seen as complex, multi-faceted and interactive, program evaluation is likely to focus on process and to facilitate negotiation among stakeholders" (Colebatch, 1995: 161). This inclusive and flexible approach to evaluation, which allows stakeholders to shape the evaluation process and the use of evaluation data also exhibits a positive view of human motivation and worker values. This approach sends messages to workers that principals see that workers value the work they do and seek to be productive and to improve the performance of their organization. Further because it allows workers to shape the organization's response to evaluation outcomes, it also provides positive-reward incentive to engage in the process. Although, in PBB poor performance will still be met with potential budget losses, the negative incentive associated with this overhead control is tempered by the delegation of control over the evaluation process. PBB is inherently a central control mechanism by nature, but performance evaluation and the organizational use of evaluation data does not have to be. Approaching performance management is a way that is motivating to agency personnel requires careful consideration of the messages and impacts of the incentive structure selected. If the balance of control between organizations and their principals is not approached with proper finesse, such a system may be demotivating and have negative impacts on productivity for this reason the use of PBB in the current reform structure must be carefully assessed.

Summary

In design the GPRA and accompanying reinvention reforms, have successfully remedied many of the failures of previous reform measures, including the need for an effective incentive structure. The primary incentive structure embedded in the GPRA is PBB. By linking agency performance with expenditures, reformers hoped that budgetary allocations could be altered to more effectively address efficiency problems and to incentivize performance improvement. However, some problems have been identified with this system under GPRA. There is concern for the ability of public organizations to craft and utilize effective performance measures, and there is evidence that the implementation of such as system has lacked adequate support from political principles. Further, there is evidence that PBB has not been effectively utilized under GPRA at the Macro-budgeting level. There is also limited evidence that it has not been well utilized at the micro-budgeting level either. Finally, there are some concerns about the compatibility of PBB with the theoretical tenets of reinvention that promote bottom-up empowerment and positive motivation. In the next chapters, this study will add to this limited pool of evidence by assessing the implementation of GPRA reforms and PBB at the sub-agency level using the NPS as a case. It is anticipated that this case study will provide a clearer picture of the implementation and utilization of performance-based reforms at the agency and sub-agency level.

CHAPTER 4- MICRO-BUDGETING AND THE IMPLEMENTATION OF REFORM IN THE NPS

This chapter begins the investigation of GPRA based reforms within the NPS. The study of micro-budgeting and the effects of reforms on that process in the NPS will unfold over the next three chapters. These chapters use both qualitative and quantitative methods to assess the implementation of performance based reforms in the NPS, and the impacts of these reforms on the NPS's intra-agency budget distribution and management practice. Given that the NPS is at the forefront of the shift to performance budgeting, as one of the first agencies to voluntarily pilot GPRA reforms and the PART, I expect a strong relationship between the implementation of these reforms and budgeting within the agency. This chapter begins the assessment of reform adoption by looking at NPS budgeting operations and changes in agency budget policies in order to assess how well GPRA based budgeting reforms have been integrated into the agency's procedures and operation.

As set out in the literature review in the previous chapter, the degree to which agencies follow through with implementation of reforms is an important determinant of reform success. Successful implementation requires that agencies not only adopt reform mandated procedures and tools, but also that these are highly integrated into the agencies routine operations and decision making processes. This requires commitment to the successful implementation of the reform from both top-level agency administration and frontline management within the sub-agencies. Although the literature shows that top-level support for reform adoption and subsequently the quality of implementation is not as great as reformers hoped, there is reason to believe that this is changing. Due to robust oversight and Congressional budget control the pressure upon federal agencies to fully link budget decisions to performance, and to demonstrate that they have fully implemented reform measures has likely increased. The NPS is an example of an agency that has been under considerable budgetary pressure and Congressional scrutiny in recent years, as evidenced by the grueling four hour oversight hearing endured by NPS director Jon Jarvis in April of 2014 (CSPAN, 2014). The testimony provided in this hearing provided strong evidence that the agency has tried to comply with reform mandates.

Analyzing Micro-budgeting in the NPS

This chapter poses and answers two major research questions.

Question 1: How have performance based reforms been implemented in the NPS?

Question 2: Has the implementation of performance budgeting measures within the NPS affected the agency's micro-budgeting processes, and if so, how?

In order to answer these questions, the sections to follow focus upon the effects of reforms on budgeting operations, and the effects of performance measurement on agency unit funding decisions. These changes are assessed through a qualitative analysis of NPS budget documents from 1996-2013. The primary documents used are the Budget *Greenbooks*, which are agency's formal annual budget publication for each year. These are web published and publicly available from the agency's webpage, at http://www.nps.gov/aboutus/budget.htm. Additionally, some information is gathered from the annual Director's Budget Briefs which are internal steering documents that serve to summarize the most important changes and implications of the annual *Greenbook*. These documents are analyzed to determine the process and approach to the implementation of reform measures within the agency and the implications of these effects for budgeting processes within the agency.

Assessing Reform Implementation

To address the first research question, *"How have performance based reforms been implemented in the NPS?"* I assess the implementation of performance based reform measures across the agency looking at both the scope and degree of changes that have occurred. Implementation has been a complex process. Throughout this process, the NPS has developed a number of tools to aid all levels of the agency to integrate budget and performance. The process has evolved over the course of two decades. I have identified three general phases in the process: the initial phase of adoption and integration, the secondary phase of consolidation and simplification, and a third phase of system convergence. Each of these phases is described in detail in the sections to follow.

Phase 1: Initial Adoption and Tool Integration

The initial phase of comprehensive performance based reforms began with the implementation of the Government Performance and Results Act (GPRA) between 1993 and 1997. Since the implementation of GPRA and the general "new public management" style reforms of the mid-late 1990's, a number of management tools such as General Management Plans (GMP), Park Asset Management Plans (PAM), Business Plans (BP), and Budget Cost Projections (BCP), have been developed to inform funding requests (NPS, 2007). GMP, BP, and PAMs all constitute long term plans for executing operations within individual parks. These plans include short run benchmarks and estimates of the resources needed to reach those benchmarks. These are very similar to the management plans one might encounter in any private business. The BCP serves as a tool for prioritizing expenditures and spending cuts. Collectively, these constitute a comprehensive suite of management tools for determining operational and funding needs.

According to the 2012 *Greenbook*, the purpose of these tools is to help managers at the agency and sub-agency levels (parks and regional offices) "to analyze spending patterns, identify cost recovery strategies and efficiencies, and focus resources on mission critical activities" (NPS, 2012:17). Although, the initial adoption and integration of all of these tools into basic management and decision processes represents a first phase in budget reforms, a second phase of the reforms began in 2004 with a focus on simplification.

Phase 2: Process Simplification

Although all the individual tools still exist, since 2004 they have been combined and collapsed into two focused instruments to aid in budget formulation and performance evaluation. The first instrument is the Core Operations Analysis (CoreOps), and the second is the NPS Scorecard (Scorecard). These tools became the primary instruments of the programmatic and unit based performance review process after 2004 (NPS, 2007). The CoreOps was designed to focus funding and staff allocations on the "core operations" of park facilities and to eliminate those things that had least relevance to daily operations. The Scorecard, as discussed in chapter 2, is a performance based metric that seeks to combine the assessments of all of the management and financial tools into one comprehensive analysis of total unit operations and performance. The scorecard was developed to fulfill an amendment of the GPRA, a requirement of the G.W. Bush administration, which added the Program Assessment Rating Tool (PART), with the NPS serving as one of the pilot test agencies. These tools were designed with the intention of creating a more consistent approach to integrating budget and performance across the NPS, as well as to create further accountability for budget and performance integration (NPS, 2008). Though integration of tools into a more comprehensive format was applauded by agency personnel who found managing the multitude of separate performance tracking tools arduous, the design of these integrated tools was somewhat problematic. Flaws in the CoreOps design eventually led to it being replaced, and the complexity of the Scorecard has led to a host of revisions to the tool and hindered its effectiveness.

The Problem with CoreOps. In the mid 2000's under the Bush administration, while these tools were still in their early implementation stages, the NPS budget growth slowed substantially, and most parks after 2001 saw cuts in their base appropriations. Under the CoreOps process, budget tightening and efficiency aspirations led to the elimination of a number of full-time, permanent personnel positions that were determined to be peripheral to central operations. According to National Parks Association this led to an increased reliance on part-time and seasonal workers throughout the NPS. Additionally, a number of programs judged not to be central to operations were eliminated, according to the CoreOps design (Repanshek, 2009: 1). After several years it was clear that these cuts had negatively impacted service provision, performance, and visitor satisfaction in many parks.

As a result of these unfavorable outcomes, in 2009 the NPS Director ordered the elimination of the Core Ops and returned to the Budget Cost Projection (BCP) tool (NPS, 2012). Park managers use the BCP tool to analyze an individual park's obligations and expenditures in order to project future costs. This helps them to develop cost avoidance strategies during a time of fiscal restraint without necessarily reducing staff and entire programs. Similar to the Core Ops process, the BCP tool helps park managers to focus efforts on core mission activities and high priority performance goals. However, unlike Core Ops, the BCP tool employs a broader definition of supporting operations and recognizes that "mission critical" and "core" operations may not be synonymous in all agency units.

For example, where a "core operation" such as visitor facility maintenance may be a primary concern for daily visitor satisfaction and use, and would have been a top priority under the Core Ops program, it has little to do with the particular mission of any unit and therefore would not be a top priority under the BCP. This does not mean that it is unimportant under the BCP, but rather that it is not more important than a mission based activity such as historical artifact preservation which may have little impact on daily operations and would have been low priority under core-ops. In total this transition in managerial planning tools offers the parks much greater latitude in dealing with budget constraints and refocuses the NPS toward efficient, mission based, operations instead of just efficiency.

Performance Scorecards. Although the BCP and other planning tools do a good job of identifying park priorities, they aren't very effective in assessing how well the park is doing in terms of achieving any one of its priority goals or determining the relationship between priority performance areas and spending. The NPS performance scorecard was designed to fill this void. For this reason, out of all the various management tools that the NPS has tried, the most utilized is the Scorecard. The Scorecard was developed by the NPS in 2004, as a PART tool, to fulfill the GPRA requirement of further integration of budget and performance.

For many reasons, the Scorecard is a favored tool particularly among high-level agency administrators. The main reason is that it serves as a combined indicator of park financial, operational, and managerial performance. Additionally, it allows park managers, as well as external decision makers, to assess an individual park's performance alongside other parks in their region and nationwide. This gives the NPS a way to "effectively compare performance and efficiency within a decentralized organization consisting of unique parks operating under diverse conditions" (NPS, 2012:7). Because of this capability the NPS uses the Scorecard, in conjunction with other factors, to compare parks and identify those that are candidates for base budget increases and, if budget increases are received, to estimate potential park performance as a result of such increases (NPS, 2007). The NPS budget office explains that by highlighting areas of underperformance and performance improvement the scorecard is intended to help guide funding toward problem areas and therefore to contribute to NPS wide efficiency increases (NPS, 2012).

The Scorecard, however, is not without faults. It is a complex evaluation tool with a large number of variables which makes it difficult and time consuming to understand and use. This is particularly true for those managers who haven't had much training in the use of program evaluation tools. Managers who are unfamiliar with the outcome measures, plainly, are unlikely to know how or do much to change them. Additionally, the measures in the Scorecard are inconsistent in direction. For most measures, a higher score is better; but for some measures, a lower score is better. This can make understanding Scorecard performance confusing. It wasn't until 2009 that all of measures were changed to go in the same direction. A more detailed explanation of the Scorecard and its use is included in the following section.

Phase 3: Service-wide Tool Integration and Convergence

The development of the Operations Formulation System (OFS) in 2010, along with the elimination of the Core Ops in 2009, marks the transition into a third phase of performance based reform, this time focused on the integration of tools. To further aid in system efficiency the Scorecard is now used in conjunction with the OFS. The OFS, the newest addition to the NPS performance based reform effort, is an interactive NPS wide database designed for capturing and storing park needs on the NPS intranet in order to offer context for proposed base budget increases (NPS, 2012). This system provides a centralized accounting system for the integration and convergence of the myriad of reporting and planning tools discussed here. It allows managers to align long term planning along mission based, financial, and operational lines jointly. This ensures that a park's goals within each functional area are compatible and increases clarity in working toward goal achievement.

The NPS intends to eventually integrate the scorecard within the OFS as well and it is working toward that end (NPS, 2010). It is hoped that this integration will eliminate a number of the problems associated with the Scorecard that were discussed above, particularly the difficulty in applying performance measures to operational decisions.

Budgeting Practice and Performance Measurement

A year by year analysis of the NPS Budget Justification documents published in the *Greenbook* and in the agency Budget Brief exhibits the changing shape of the NPS annual budgeting system and the stepwise integration of the reform measures discussed above. Because these documents are created with the purpose of informing the Office of the President, the OMB, and the Congress, the documents serve as evidence of the priority that the NPS has placed upon implementation of performance based budget reform. In addition, these documents provide insight into the NPS's changing operational and mission based priorities. They also provide evidence as to how performance measures and management tools are utilized in relation to these priorities. This analysis is relevant to the second research question: *"Has the implementation of performance budgeting measures within the NPS affected the agency's micro-budgeting processes, and if so, how?"* The findings of the *Greenbook* analyses are discussed below.

Budget Style and Approach. The changing budget approach is clearly exhibited in the *Greenbook* construction and data presentation style. The first few years show a transition from a textbook program budget to a performance budget. The 2006-2007 *Greenbook* is designed with a program budget format with little deviation. The format designates funding areas by function or goal along with an explanation of the relationship between each function or goal and the NPS's agency-wide strategic plan. It identifies specific parks and gives detailed justification for particular program based spending, such as new projects and services, as well as major construction projects. The format details each program area with a line item budget and general service-wide output and outcome measures. The program budget format also bullet lists specific areas of budget increase and decrease. It bullet lists new legislative mandates and initiatives and gives a detailed account of any external funding from partners and concessionaires under each functional category.

The 2007 *Greenbook* shows agency preparation for a more performance focused approach. It introduces the service wide Scorecard and includes an explanation of the major performance areas included in the scorecards. This explanation includes the identification of variables for measurement and expectations for improvements. The 2008 *Greenbook* continues with the program budget format, but also begins integration of Scorecard information in the aggregate sense, looking at whole program areas using the evaluation variables. Some areas are still missing performance standards and evaluation variables in 2008; however most of these are identified as currently "under development".

The slow integration and development of the scorecard system is apparent in both the *Greenbook* accounts and the examination of the scorecards themselves. Though initially developed in 2000, the Scorecard was not piloted and integrated into the regional and service-wide budget formulation processes until FY 2006-2007, which helps to explain its failure to appear in the agency's official budget until 2008. The implementation of the scorecard based system in 2006 fostered the creation of a "priority list" for funding requests.

The priority funding list tells budget users, both inside and outside of the agency, what funding uses will be of first priority for each fiscal year. An examination of the priority list shows that it is reflective of higher order policy decisions: Presidential priorities, the Secretary of the Interior's priorities, and also the priorities of the NPS Director. The list includes reference to policy initiatives of importance to each of these leaders; some coming directly from the President, such as the "Let's Move Outside" initiative.

Funding justifications are aligned with this priority list. The 2008 *Greenbook* introduces the funding justifications of individual parks. These are aligned with the priority funding list and assert the need for particular funding increases. In 2008 and thereafter, in addition to the aggregated agency budget, the *Greenbook* includes brief justifications for individual park units that were selected for budget changes beyond the basic incremental adjustments. In essence, for 2008 and later years, the individual parks must justify budget changes by specifying, ahead of time, how and for what purpose allocations will be spent and performance justifications for each. I analyze these performance justifications below.

Performance, Priority Funding, and Agency Objectives

The NPS's Greenbook accounts are increasingly clear in explaining intra-agency fund allocations. These accounts state that parks are considered for funding increases based upon their projected performance improvement, priority needs, and fulfillment of new objectives and program requirements. As of 2007 the NPS stated that to facilitate the goal of "most efficient utilization of available resources for greatest impact" (NPS, 2007:9) it would increase funding for parks that showed the promise of results.

First, the NPS meant by this that there would be funding increases to improve performance at parks that were "highly efficient". Second, there would be funding increases for parks to improve their financial flexibility; increasing funding where operating budgets had remained relatively flat in recent years thus limiting such parks ability to meet goals. Third, there would be funding increases for new programs and new parks, such as the new River Raisin National Battle Park. Finally, there would be increased funding for the development of collaborative efforts in management across parks aimed at the achievement of system wide efficiencies. These priorities were maintained until FY 2013-2014. However, beyond these criteria, over the years, several other priorities have been identified for the selection of parks for budget increases.

These additional criteria have generally been based on changing external conditions, specific policy initiatives, or distinct challenges identified as posing a threat to particular parks. The funding priorities included in the 2007- 2013 proposals include: immediate resource threats (such as ecosystems in danger or monuments on the brink of collapse), changes in the geographic distribution of operational needs (new parks and programs in new places), changes in individual park capacity (increased visitation), changes in demand from the served population (demographic shifts), developing collaboration with other parks or non-NPS entities, and the addition of new responsibilities (such as new protected lands and new facilities). Park requests providing for cultural resource needs or parks expected to be impacted by significant events such as the sesquicentennial of the Civil War were also identified. Finally, requests relating to priorities that the current NPS Director, Jon Jarvis, identified as ripe for immediate improvement received priority consideration, such as improving NPS relevancy and stewardship education.

Evolving Individual Budget Justifications. Individual parks submit annual budget justifications along with their budget requests. These justifications are very similar to the *Greenbook* in construction, but on a much smaller scale. Similar to the miniature individual justifications included within the recent *Greenbooks*, these documents have changed in response to changes in the criteria that the NPS includes in the priority list of activities to be funded.

An analysis of the individual park justifications included in the Greenbooks shows that the parks commonly use three approaches to demonstrate the importance of their requests. The first and most common approach is for parks to focus on the unique and pressing needs of the unit.

Parks give explanation for these needs and why trying to meet them is resulting in increased costs. The second approach focuses on a record of efficiency as justification for increases. These justifications do so by providing historical accounts of performance and cost containment. They tend to focus less on the particulars of needs, and more on the general efficiency and the success of the programs that they seek to continue and expand. The third, and least common approach, focuses on the general value of the park as a public good and as a reason for budget preservation and growth. This approach generally avoids discussion of specific needs or performance, and emphasizes the mission of the park (this usually being the rationale that legislators gave when deciding to create the park). Parks that use this approach also seek to affirm newer understandings of the park's value to the adjacent communities, to the local, state, and national economies, and to the country's natural and cultural heritages. These narratives argue that as parks they have acquired "expanded roles" beyond those explicitly stated in their enabling legislation. Examples of such "expanded roles" might include serving as a community coordinator in places prone to natural disasters, providing educational support to local schools, and running volunteer corps for at-risk youth.

Though parks do not commonly use expanded roles as a justification, the NPS now recognizes the validity of expanded roles since many parks indeed do provide a myriad of services to visitors and communities beyond those specified in their enabling legislation. These "value added" efforts, although they contribute to social welfare, and provide parks with additional rationales for their operations, are problematic for performance measurement. Generally these activities are specific to individual parks and as such do not align with the Scorecard's performance measures based on NPS agency wide objectives and each park's legislatively defined mission. Thus, an entire category of park activities, though emphasized by NPS leaders, is not aligned well with the Scorecard, and therefore may be overlooked in budgeting decisions.

The poor alignment of these activities with the scorecard may explain why parks tend not to emphasize these activities in budget justifications, despite the Director putting these activities on the priority list in 2011 and beyond. In 2007 and 2008, when parks had little or no scorecard data, it was more common for parks to highlight their value added efforts not tied directly to their missions. Once scorecard data was available for most parks in 2009 and beyond, the number of parks using this type of justification sharply declined. This shows how performance measurement has led parks, at least in the justifications, to highlight the mission and activities for fulfilling that mission.

As argued above, starting in 2009 with universal scorecard implementation, individual justifications changed dramatically. In previous years park managers wrote about the unique characteristics of their park and gave historical accounts of visitor utilization and park accomplishments in 2009 the justifications were about current needs. Park managers opened up with complaints. Many accounts included rather blunt statements about the park's inability to perform mission critical goals due to a lack of funding. Accounts also expressed concerns with increased Congressional mandates and the costs associated with these "unfunded mandates." Many accounts focused on addressing immediate and long standing problems rather than moving toward new goals or initiatives. Funding needs were often linked to the effects of the CoreOps analysis that were conducted as part of the 2007 management, planning and leadership development initiatives. These accounts cited the need to replace personnel positions that had previously been cut in areas such as outreach, maintenance, and law enforcement. It is clear that the managers were emphasizing unmet needs as impediments to performance. Park managers were responding to the political pressure to improve performance by voicing concerns about how past budgetary restraint curbed their current performance.

Additionally, park managers knew that additional money would be available in coming years due to the economic stimulus package. This surely encouraged them to voice their financial needs and improvement desires. Park manager awareness of the fiscal implications of the political environment is not unique to budget year 2009, however. Another interesting rationale for budget increases, used by park managers for parks located on the U.S. /Mexico border, was the need for additional law enforcement rangers and general security support. This shows that park managers there recognized the linkage of their parks to the broader national policy priority of homeland security and the value of linking justifications to an area where spending was increasing rapidly.

Political Influence on Budget Practice and Priority. The nature of changing politics is quite apparent in the NPS budget documents from 2010- 2012. In the 2010 budget documents, there is significant emphasis on re-establishing the validity and "place" of the NPS in the country's future, and this emphasis continues in the years to follow. This re-establishment effort is largely achieved because of initiatives developed within the DOI and specifically in the NPS. The 2010 *Greenbook* is the first to reflect this shift with the NPS's support for the Secretary of the Interior's *Protecting America's Treasured Landscapes* initiative. The Secretary's initiative sets the stage for broad scale change, with its declared intent to "help the National Park Service prepare for another century of conservation, preservation, and enjoyment by building park operational capacity, enhancing critical stewardship programs at parks, effectively maintaining NPS facilities, and ensuring organizational capacity and professional development through stewardship, environmental leadership, recreational experiences, education, and professional excellence"(30). This initiative greatly reflects Presidential priorities as its goals are designed to fulfill several Presidential initiatives along with the NPS mission. The 2010 justification includes a number of

Presidential initiative-based programs that aim to facilitate the large scale goals of the Secretary's initiative, and also come with additional funding. These included the Youth in Parks Program (YPP) , part of the broader Youth Conservation Corps (YCC) program that is aimed at bringing younger generations into federal conservation programs, the Great Lakes Restoration (GLRI), and the Private Partnership Promotion (P3). Each of these funded initiatives would play a significant role in park operations for the years to come.

Initiatives and Grant Based Monies. Analysis of the NPS budgets between 1996 and 2013 reveal a number of changes in the micro-budgeting process. Data is categorized in different ways, new reporting and measurement tools are introduced, priority programs and projects appear and disappear, but one thing that has appeared and grown steadily over the years is the proportion of the budget that is reserved for distribution through grant-based competitive processes. Analysis of *Greenbook* totals shows the proportion of the NPS's budget reserved for competitive distribution growing from only 5% in 2007 to 20% in 2013.

The trend toward competitive granting in performance budgeting in the NPS was a central focus of a 2006 GAO study of the agency, and rightfully so. The trend has involved important changes in the budget decision process and the way that NPS offices engage in the budgetary process. Under this budget decision process, a significant amount of funding is reserved for specific purposes, programmatic functions, and initiatives. This includes the NPS's portion of monies distributed to fulfill Presidential and Department level initiatives. Instead of being doled out to parks outright, this money is initially held in a non-obligated account by the NPS's central office. This money is then distributed to parks that can show that they have the ability to successfully fulfill the purpose for which the money has been reserved--that is, the parks have shown that they can achieve a high level of performance both for those visiting the parks and for the NPS as a whole based on the criteria to which that money is tied. Competitive granting allows the NPS and higher executive branch authorities (President and OMB, Secretary of the Interior) an incentive based tool to integrate mission based objectives into each park's operations. It increases the control of the NPS Director and the central office over how the parks spend money, thereby strengthening top-down budgeting.

For example, 2008 saw the launch of the Centennial Initiative, in which the NPS directed nearly $20.0 million in flexible funding to improve the health of natural and cultural resources. This funding is targeted to parks with a history of organizational efficiency, as demonstrated by the Scorecard, and to parks that have programs consistent with overall goals in the DOI Strategic Plan (NPS, 2008). Similarly, the large infusion of funds into the agency from the American Recovery and Reinvestment Act (ARRA) were to be distributed to parks that demonstrated the ability to utilize the funds to improve infrastructure through previously proven planning and preparation. Unlike previous funding vehicles under these initiatives, prior to receiving funding, parks would enter into performance contracts that included specific targets and would subsequently monitor the results against those targets. Once results have been achieved, funding would be transferred to address additional natural and cultural resources needs in those parks (NPS, 2008). This type of funding vehicle has become increasingly popular.

Grant based, initiative focused, and performance dependent monies are major changes in the micro-budgeting process. The process now is heavily focused on performance and competition. The competition occurs because there are always a larger number of parks that can meet the requirements of any initiative than there is money available. Accordingly, funds cannot be awarded to all units and programs that apply. This competition has pushed managers to construct persuasive arguments based on solid evidence to support their claims that they can fulfill the objectives for which funding is being awarded.

Competition for limited funds using a performance measurement system creates incentives for park managers to improve their park's scores on the Scorecard. Plainly, park managers must pay careful attention to park operations and how they affect the Scorecard numbers. The competitive environment became more intense as a result of the overall budget cuts that have occurred in the NPS during the same timeframe in which the grant based proportion of the funding grew. Currently, as parks find themselves struggling to hire enough staff, and maintain facilities and programs, applying for competitively awarded grants has become an ever more appealing way for park managers to supplement budgets and keep staff on the payroll. However, the parks are not equal, and some parks are at a disadvantage in the competition because past performance plays a large role in getting awards.

Summary

The implementation of performance based budget reforms has had far reaching implications for the NPS. These include not only substantial changes to administrative and budgeting processes within the agency, but also substantial changes to the manner in which funding priorities are addressed. Looking at the first research question, "*How have performance based reforms been implemented in the NPS?*" I saw that the implementation occurred in a stepwise process and created a number of new managerial tools, and new demands on park managers in the form of reporting and planning requirements. Park managers needed to learn and adapt to new management tools such as the Core Ops, BCP, Performance Scorecard, and most recently the OFS. Each of these tools was designed to play a distinct role in linking management decisions to performance and budgeting. Further, performance based budgeting has led to new approaches to the internal budgeting process, including a decline in the proportion of NPS appropriations distributed via base budget allocations and an increase distributed by competitive grants. The increasing use of competitive grants for the dispersal of funds gives the Director of the NPS and the central office greater control over the parks, and increased the capacity to link park performance to funding outcomes and to direct funds toward particular NPS objectives.

Agency budget narratives show that park managers recognize and are giving voice to NPS priorities. These narratives evolved over time from a traditional line-item format toward a program and performance budget format, and began to include statements by select park managers of how their parks would pursue NPS priorities for annual funding increases. The reforms have affected the way that agency and unit managers' understandings of how funds are supposed to be distributed within the NPS. Thus, the answer is a definitive "yes" to the second research question: *"Has the implementation of performance budgeting measures within the NPS affected the agency's micro-budgeting processes?"* For park managers, performance as gauged by the Scorecard is now a central concern.

Although performance budgeting measures have changed the processes by which the NPS distributes appropriated funds within the agency, the question still remains as to whether or not performance budgeting works as intended. Does performance budgeting reward high performing parks with budget increases? To answer this question, in the next chapter I look at the relationship between park scorecard performance and changes in incremental funding for a sample of NPS units over the course of five years.

CHAPTER 5 - THE EFFECT OF PERFROMANCE SCORES ON NPS SUB-AGENCY FUNDING

For performance management reforms to work as intended, the reforms not only need to lead to changes in processes, but also result in changes in the allocation of funds. Thus, in this chapter I ask whether performance measurement tools are indeed used to inform budget decisions. Most importantly, does a park's excellent performance result in it getting increased funding? Does poor performance lead to decreased funding? If performance budgeting affected only agency operations, but not budgets, it would be performance budgeting in name only; a management tool rather than a budgeting one. This leads to the following question: *How does performance affect sub-agency funding within the NPS?*

To answer this question, I analyzed and compared budget scorecards for 29 sample parks to those units' annual funding allocations. If scorecards performance is utilized in making budget decisions, then where performance is high, budgets should increase. Conversely, where performance is low, budget should not increase or increase by a smaller amount. As argued above, although the funding priorities for the NPS are subject to a myriad of influences both internal and external, the funding priority list is very broad. This list is broad enough to ensure that many different parks are favorable candidates for the increasingly scarce NPS appropriations in any given year. This competitive environment under conditions of scarcity means that, even with a myriad of influences at work, if performance is truly linked to budgeting there should be a relationship between these variables. There's need first to give a detailed description of the performance evaluation tools that the NPS uses.

Performance Evaluation and Analysis in the NPS

The NPS's main performance evaluation tool, as indicated above, is the scorecard. Park managers use the scorecard to compile data on a number of indicators to enable basic comparisons of their park data to that of other NPS units and their peers, both regional and national. The NPS's central budget office further compiles the data into a secondary evaluation report called the "Gradecard". The Gradecards summarize performance indicators for the benefit of park managers. The following sections discuss the content and use of both of these evaluation tools in the NPS.

Scorecard Composition and Data

Scorecard Data. The NPS designed the scorecard to capture unit performance on important indicators from three areas: financial efficiency, organizational management, and strategic performance (mission based performance). Like any standard program evaluation tool, the NPS scorecard must capture this performance based on data from measurable and consistently available indicators. Scorecard data comes from several sources and is predominantly gathered by the management of each park (NPS, 2009b). The data is then inputted into an intranet operated computing system that is utilized by regional administrators to produce the final Scorecard.

The performance data collection and processing system was designed to be highly efficient. Much of the data utilized in Scorecards is derived from the management tools that have been implemented under the GPRA, as discussed in the previous chapter. This ensures that the NPS systems of performance management and performance measurement are strongly integrated. It also makes the process of collecting and submitting performance data relatively easy for park managers since managers are already required to compile this data for the quarterly and annual reports mandated by the GPRA.

Most of the indicators developed from data appearing in GPRA mandated efficiency reports are used to assess organizational efficiency in the park units, though some are also used in the financial efficiency equations. Financial efficiency Scorecard indicators are also developed from data from other sources, including payroll records, utility bills, and user-fee collections reports (NPS, 2009b). This data, similar to efficiency data, can be transferred from existing mandatory reports. Further, most NPS financial and accounting reports are stored on intranet based computing programs. This allows those who are using this data to evaluate financial performance to simply transfer the data from the intranet. A final source of Scorecard data comes from visitor and staff surveys. This survey data is largely utilized in evaluating strategic performance.

In keeping with the reinvention premise of reforming government agencies to be inclusive of customer needs and interests visitor survey data has played an increasingly important role in NPS performance evaluation. A special statistical task force housed within the NPS central office conducts these surveys annually. This task force works with each park's staff to develop an appropriate survey tool for the site that reflects its mission, and programs and services pursuant to that mission (NPS, 2009b). Some of the survey questions are very general and used at all park units; others are tailored specifically for individual parks. The tailored questions are used predominantly in assessing strategic performance, which essentially measures mission fulfillment. Separate anonymous surveys are also conducted of park staff and management in order to assess the effectiveness of operations management (Scorecard, 2009b). This data is utilized in both the strategic performance and organizational efficiency measures. However, due to the large number of park administrative units and the small resources of this task force, most parks are only surveyed every other year. This means that gaps of longer than a year are possible between recollections of this data, creating a lag in these performance measures.

Scorecard Construction. A closer look at the scorecard measures helps to put the approach to assessing and using performance measures into context. The 2007 scorecard will be used in an example and a copy is included in the appendix as exhibit B. In the 2007 scorecard there are six measures used to assess financial efficiency. These include: Base labor costs as percent of gross base obligations, vehicle fleet count and fuel efficiency, overhead costs as a percentage of total obligations, and the change in obligations from previous years. On the scorecard vehicle count and fuel efficiency are measured positively (meaning increases are better) and the base labor, overhead and total obligations (spending) indicators are measures negatively (meaning decreases are better).

The 2007 scorecard had only four measures for organizational efficiency, including the change in outside funding, the ratio of volunteers to total labor force, and the span of control. On the scorecard the outside funding and volunteer ratio indicators are measured positively (meaning increases are better) and the span of control indicator is measured negatively (meaning that decreases are better). Finally, the 2007 scorecard had eight measures for strategic performance. The strategic goals of greatest emphasis are achieving high levels of visitor understanding (of the parks purpose and educational messages), and visitor satisfaction. Additional strategic performance measures include the condition of structures, the percent of museum standards met, the integrity of natural and historical resources, the control of invasive species, the number of visitor injuries, and employee safety. For these indicators all are positively measured (increases are better) with the exception of visitor injuries. The measure of this variable was later changed to be positive in orientation as well.

The variables presented in the 2007 scorecard are pretty basic to the goals of the agency and appear again in the Scorecards of years to follow. However, the way that the measures are expressed in the scorecards does vary from one year to the next. As is common with performance measurement, the scorecard has evolved over time and continues to be adjusted in order to better serve the agency. Although doing so results in improvements, it does pose some difficulties for comparing performance over time. These difficulties will be discussed further in the next section where I discuss the approach to analyzing agency scorecard data for this study.

Scorecard Calculations. Although the NPS does track performance changes for parks on individual indicators, the agency primarily uses a relative approach to performance analysis, comparing each unit's performance to its regional and national peers. To facilitate this comparison, Scorecards show, along with the individual park's scores, both regional and national performance averages. According to the NPS, this approach is used because parks are in competition with their peers for funding (NPS, 2009b). When NPS regional and national level managers are looking to distribute funds, they compare each park's overall performance to that of its peers.

Scorecards are calculated for each unit in the spring of each year. These scores are then used to construct a final Budget Scorecard Report which includes both quantitative and qualitative performance data (NPS, 2009b). This report is commonly called the "gradecard" in the NPS in order to differentiate it from the scorecard assessment tool that includes only the quantitative data. In the gradecard the comparative averages from the scorecard are utilized to construct a secondary qualitative ranking for park performance. These gradecards are then, theoretically, utilized when assessing funding requests from the units to be dispersed in the fall when the next fiscal year begins.

Gradecards. Gradecards include all of the scorecard measures, but also include a qualitative grade for each of the three performance domains and a final cumulative grade for the unit. Grades are calculated using a two-step standardization process. The first step in this process is the standardization of individual performance measures. Standardized performance scores for measures are calculated based on unit performance in comparison to that of peers. These scores are on a scale of 1-10 and are simply based on the percentage of indicators that meet or exceed national averages divided by the number of total indicators for any measure (NPS, 2009b). For example if there were ten financial efficiency indicators for a given year and the park scored at or above the average on six of the ten indicators then they would receive a 6.00 for efficiency for that year. This process is shown in figure 5.1.

Figure 5.1 Score Standardization for NPS Gradecard

Financial Efficiency =	6 (indicators > average) 10 (total indicators)	Financial Efficiency Goals Met = 60%	Standardized out of 10 10 x .60 = 6.00

In the second step the standardized performance scores (1.00-10.00) will be converted into a qualitative grade for each measure. There are 6 grades (Very Above Average, Above Average, Average, Below Average, Very Below Average) and each grade has an accompanying color code. A score of 8.01-10.00 is Very Above Average and indicates that the unit is doing well very on these performance areas. Very Above Average scores are highlighted in blue. A score of 6.00-8.01 is Above Average and is highlighted in green. A score of 4.01-6.00 is Average and is highlighted in yellow. Scores of 2.01-4.00 are Below Average and should be considered areas for focused improvement. These indicators will be highlighted in a cautionary orange. Scores of 0-2.01 are Very Below Average and indicate that the park is in trouble with these performance measures and will be highlighted in red on final reports.

Table 5.1 Gradecard Scores and Qualitative Grades

Standardized Score	Qualitative Grade	Color	Action
8.01-10.00	Very Above Average	Blue	Divert Resources
of 6.00-8.01	Above Average	Green	Maintain
4.01-6.00	Average	Yellow	Long Term Improvement
2.01-4.00	Below Average	Orange	Focused Short Term Improvement
0-2.01	Very Below Average	Red	Immediate Attention Needed

This system is designed to give park managers a focused and simplified view of where they are succeeding and where they are struggling based on the comparative scorecard calculations. Additionally, this system flags areas of greatest concern and improvements for quick review. A change in an indicator from orange to green, for example, tells an administrator that improvements have been made in a park's overall efficiency compared to its peers without having to know exactly in which specific indicators those improvements were made. Although this system reduces the precision of evaluation in some ways, according to the NPS it was designed with three goals in mind. First, it allows for quick review of performance and allows the grade card user to seek as much or as little detail on performance measures as they need. Second, it embraces flexibility in performance improvement. Third, it gauges performance in reference to peers (NPS Scorecard, 2009).

Flexibility and peer comparison are important features of this system. Aggregating scores in performance domains creates flexibility by allowing units to improve their scores in a domain on whichever measures they most feasibly can. Since the parks are unique, there will be some performance measures over which parks have greater control than others. Parks know that if they improve their performance on some indicators that this will help their aggregate scores, even if they continue to struggle on other indicators. This does not mean that continually failing to perform on some indicators will go un-noticed, but that parks can choose where best they can invest their resources in order to improve on the indicators over which they have the most control and still improve domain grades.

Pulling an example from one of the scorecard, there is a park has a low score on strategic performance. The reasons for this were clear enough from inspection of the indicators. The park had buildings with severe structural damage, a collection of artifacts that did not meet museum standards, poor visitor understanding, and a high employee injury rate. The manager of that park needs to remedy this poor performance. There is likely little she could do to immediately improve her structure or museum standards based on the cost of doing these things. These are generally long term improvements. However, she has two other indicators that she could improve to increase her overall strategic performance score. She could improve both visitor understanding and safety by increasing ranger training and implementing relatively simple operational changes. These are changes that are relatively low cost and completely within her control to change. By focusing her resources on improving these two measures she could bring up her total strategic performance despite her current inability to do anything about the structure or the museum standards. This flexibility allows her to increase her overall performance standing in the short run which would make her more competitive in seeking additional funding to resolve her other performance issues in the long run. In summary, as this hypothetical scenario suggests, the system allows for improvements to be focused on those areas most within the park manager's control.

Similarly, the NPS decided that calculating peer averages rather than setting optimal scores or targets would allow performance measures to be more responsive to conditions outside of managerial control. Since a park is compared to its peers, a low budget year is unlikely to negatively impact a park's performance more so than it does the performance of other "peer" parks. These cut backs would show up in the averages for the common indicators affected, rescaling the relative scores for each unit. This rescaling effect ensures that conditions that affect the whole system do not unfairly reflect poor performance by the individual parks.

The NPS identifies fairness, flexibility, and responsiveness as important considerations in its evaluation system (NPS, 2009b). Although these considerations make the system more effective within the agency, they make it a challenge to assess park performance from outside of the agency. Within the agency, the Scorecard and gradecard information are paired with extensive qualitative information, and NPS administrators using the information have access to the many other operational reporting tools described in chapter 4 in order to aid data interpretation. From outside the NPS, however, the information in the Scorecard alone must suffice as evidence of park performance. This challenge is addressed in the following section.

Scorecard Performance Analysis

The objective of this analysis is to determine if performance Scorecard results have an effect on budget distribution between the park units. In order to determine this, there's need to make Scorecard performance comparable from one year to the next, without losing too much information in doing so. I encountered a number of difficulties in developing valid measures of annual scores and improvements or declines in performance.

First, the NPS has changed the Scorecard indicators over the years, with some indicators being dropped and others added. For example, with respect to organizational efficiency, there are four indicators in 2007 and only two in 2011. Second, the measures used for the indicators changed. This is apparent when looking at the “visitor safety” indicator under the strategic performance domain, which was measured as the “number of visitor injuries” in 2007 and later in 2009-2010 as the “ratio of injuries to total visitation.” Although both purport to be measures of visitor safety, they cannot be used to judge performance over time directly. For accurate longitudinal assessment of this variable alone it would be necessary to calculate either one or the other of these measures for all years. Although longitudinal study of individual indicators is optimal, the use of different and inconsistent measures from one year to the next makes comparison of performance on individual indicators from one year to the next problematic.

These measurement problems, however, are not relevant for annual comparisons of a park's scores to regional or national averages. Looking at the relative ranking of a park's scores over time does make longitudinal study possible and is the approach used in this study. Looking at the example of visitor safety, although it's difficult to know if visitor safety in a given park has improved from one year to the next, it's easy to see if it has improved in comparison to its peers. In this example, if 56% of parks had fewer injuries than our sample park one year and only 40% of parks had fewer injuries than our sample the next year, we know that comparatively our park is doing better. Additionally, the use of comparative data in assessment may be favorable because it captures the evaluation process used by budgetary decision makers within the agency, as described above.

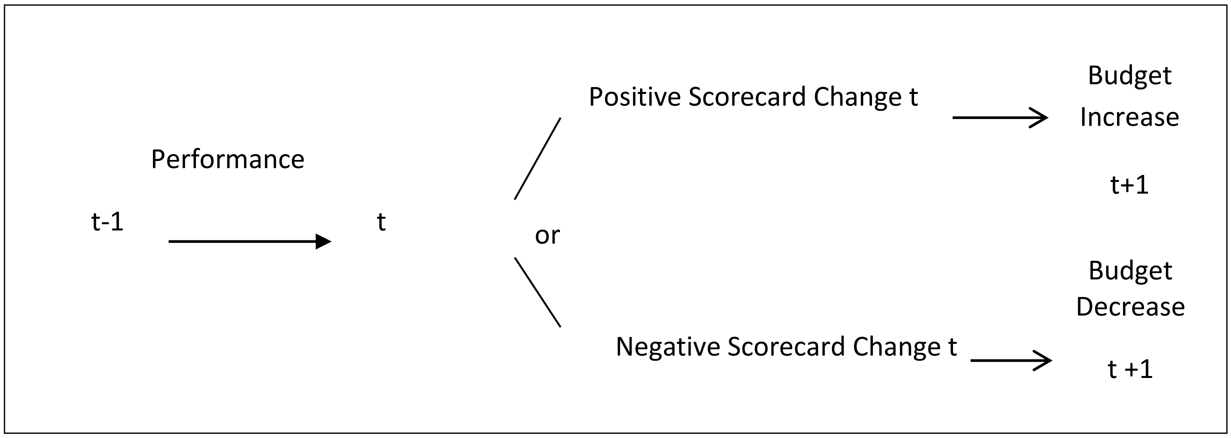
In order to obtain comparable measures of performance for each park unit for each year, I aggregated scores for the indicators as grouped in the Scorecard, for each of the three domains of performance: financial efficiency, organizational efficiency, and strategic performance and converted them into simple percentages. Following the example of score standardization provided in the explanation of gradecard calculations above, these percentages are the number of domain indicators that score at or above the national average divided by the number of domain indicators for each category, multiplied by 100, giving a performance percentage score. This process was done for the three performance domains for each unit, for each year. Additionally, the three scores were aggregated to create one total annual performance score (labeled “total”) for each unit using the same method described above. The three performance domain scores along with the total annual performance score give a total of four performance scores for each park for each year: financial efficiency, organizational efficiency, strategic performance, and total performance.

The Effects of Performance on Budget Change

Theoretically, based on the stepwise budget process and the intent of the scorecard system, scorecard performance should affect the following year’s budget. This assertion, as presented to agency personnel (NPS, 2009b), is based on the belief that agency administrators will assess the comparative performance data included in the annual gradecard reports, along with other contextual factors, when making decisions to either increase or decrease a park's budget for the following year. More succinctly, for any given year ***t*** the changes in scorecard performance from ***t-1*** to ***t*** would be expected to have a directional effect on budget changes for the following fiscal year, ***t+1***. For example we would expect a unit whose comparative performance declined from 2006-2007, reflected in more below average scores for that year, to receive a less than average budget increase or perhaps even a budget decrease, for the following fiscal year. In other words, if the overall scorecard value increases or decreases from one year to the next (reflecting a change in the unit's performance relative to other units), then this change in relative performance should be reflected in either a greater than average (in the case of improved relative performance) or less than average (in the case of declining relative performance) increase in its budget. The hypothesized relationship between scorecard performance and budget change is modeled in Figure 5.2.

Figure 5.2: Hypothesized Relationship between Performance and Budget Change

*H1: For any given year **t** the changes in relative scorecard performance from **t-1** to **t** will have a directional effect on budget changes for the following fiscal year, **t+1**.*

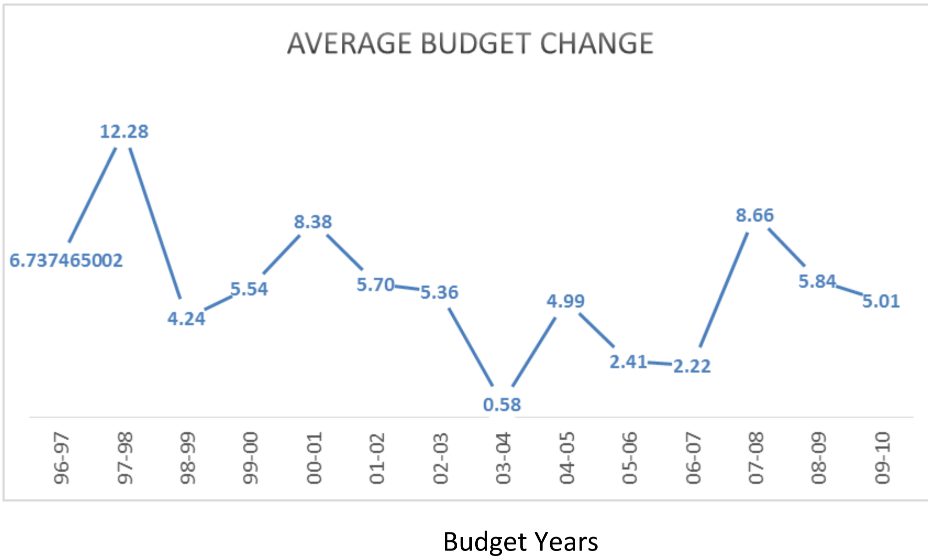


Baseline Budget Behavior

In order to test this hypothesis it is first necessary establish a baseline understanding of sub-agency budgets and budget change before and after the application of PBB reforms and the utilization of scorecards. To do this I will look at the average budget change experience by the sample of agency sub-units across the study period and the trend in total budget change across the sub-units.

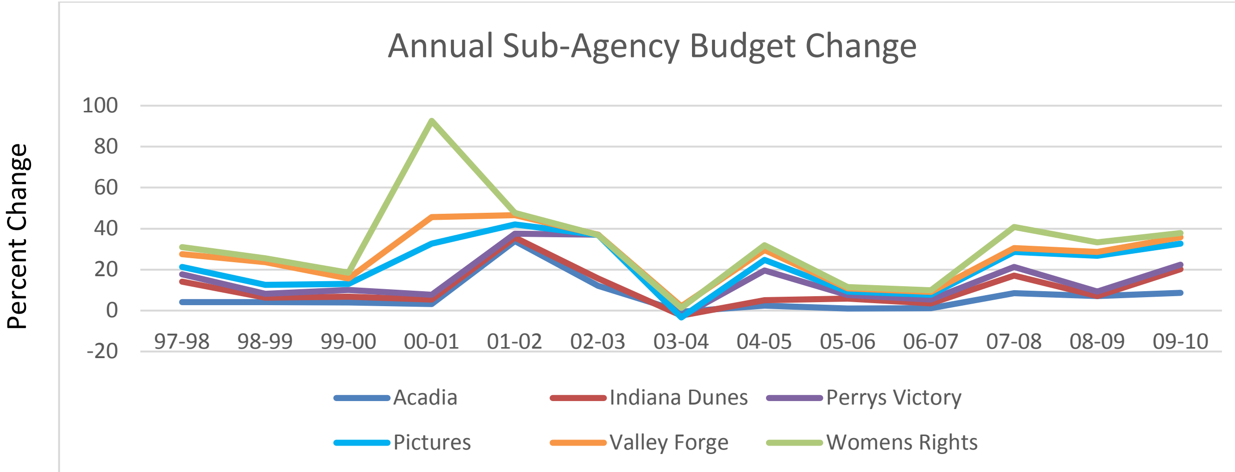
The average budget change for sub-agencies in the sample period from the implementation of GPRA in 1996 until the 2006-2007 budget cycle was 5.6%. Because the sample period actually represents budget cycles before and after the implementation of PBB the change in average sub-agency budgets as a product of this implementation can be assessed. The average budget change in the period before PBB was implemented is 5.3%, where the average after implementation is 6.5%. Though the average before is lower than the before implementation average, the change is not significant. This tells us that total budget allocations across the sub-agencies did not change in any drastic way as a product of PBB implementation.

Figure 5.3 Annual Average Budget Change for NPS Sub-Agencies 1996-2010.



To further illustrate the behavior of annual sub-agency budget changes a graph showing the pattern of percentage change for a random selection of six of the sub-agencies from the sample was included in Fig 5.4. This graph shows that there is some consistency in the pattern of budget increases and decreases among the sub-agencies, but that there is still substantial variation in the treatment of individual sub-agencies in any given year. Interestingly, it seems that level of variation decreases toward the end of the study period after PBB and the scorecard system was adopted.

Figure 5.4 Annual Budget Change for Select Sample Sub-Agencies 1996-2010



Figures 5.5 and 5.6 show the growth trend for total budget allotments for the Sub-agencies over the budget period. The trend line in figure 5.5 shows that average annual budget allotments has continued to increase at a steady rate over the study period. This suggests that above or below average budget increases for any given sub-agency is not simply a product larger than average budget increases or decreases across the sub-units, but rather a product of individual budget choices. Figure 5.6 exemplifies this more clearly by showing the variable growth rates of the budgets for same selection of sample sub-agencies exhibited in Figure 5.4. This graph shows that some of the sample sub-units have enjoyed much greater budget growth over the sample period than others. Some show very little if any growth over the study period.

Figure 5.5 Average Annual Sub-Agency Budget 1996-2010

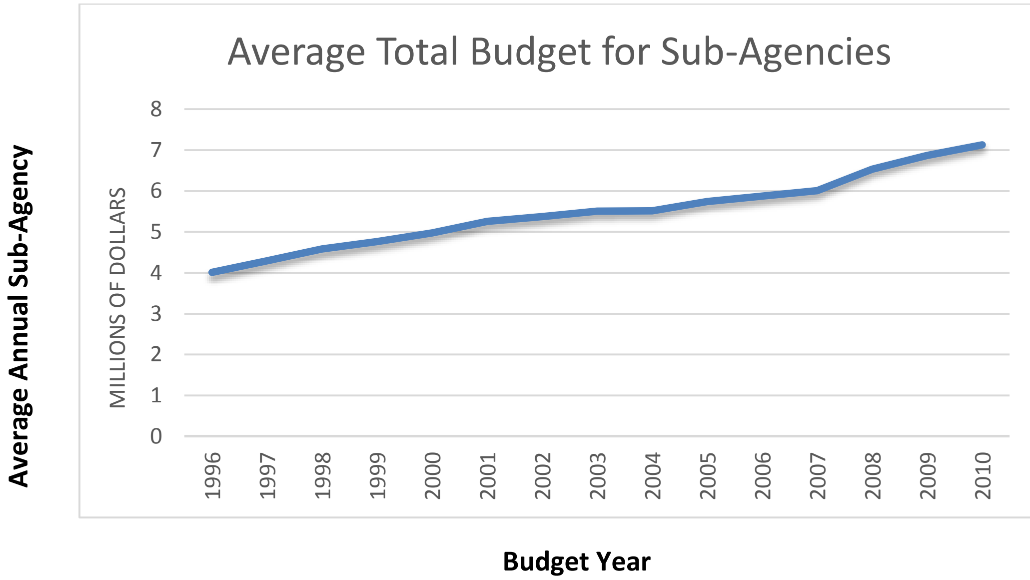
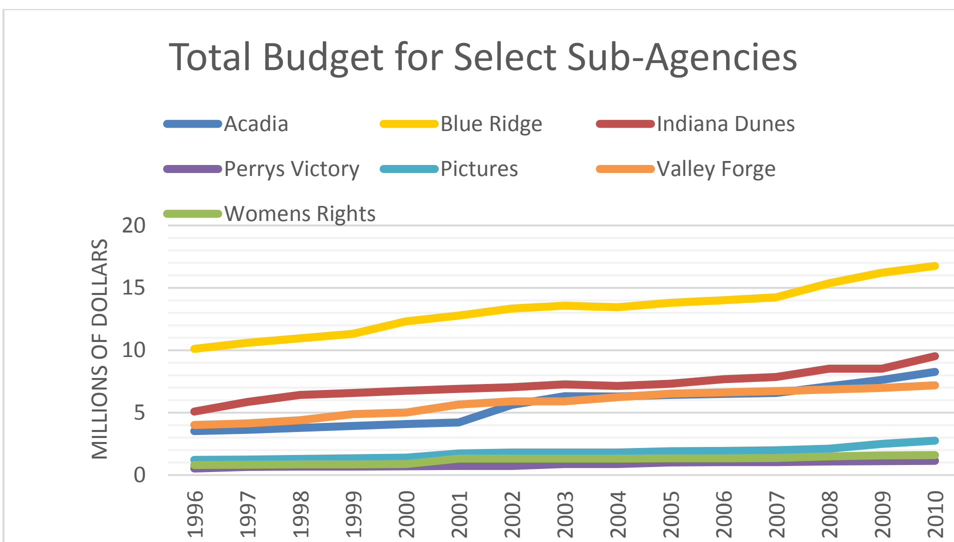


Figure 5.6 Annual Select Sub-Agency Budgets 1996-2010



Having established some expectations for variation in sub-agency budget behavior the analysis will move on assessing sub-agency performance and the relationship between performance and budget change.

Analysis, Findings, and Discussion

Testing the first hypothesis (depicted in Figure 5.2) I look at budget changes from 2008 to 2009 and from 2009 to 2010 (the dependent variables). The measures of performance change are from the previous year (independent variable). Actual performance would have occurred two years previous. The correlations in Table 5.2 show the relationship between these variables for the years tested. If there's support for the hypothesis, there should be a positive and statistically significant correlation between the two variables. As the table shows, there wasn't.

Table 5.2: Budget Change as a Product of Performance Change

Variables	Correlation Coefficient	Significance
Total Performance 07-08 – Budget Change 08-09	.154	p >05
Total Performance 08-09 , Budget Change 09-10	-.142	p >05

To further assess the relationship between performance score changes and budget changes I calculated several additional correlations using the three annual scorecard measures (financial efficiency, organizational efficiency, and strategic performance). Table 5.3 shows the results of this analysis. I expected to find statistically significant, positive correlations, but the two significant correlations found, shown below, were actually negative. The positive correlations found were not significant.

Table 5.3 Correlation of Scores and Following Year Budget Change Increments 2007-2011

Variables	Correlation Coefficient	Significance
Financial Efficiency 07 –08 / Budget Change 08-09	-.336*	p <.05
Organizational Efficiency 07 –08 / Budget Change 08-09	.258	p >.05
Strategic Performance 07 –08 / Budget Change 08-09	.085	p >.05
Financial Efficiency 08-09 / Budget Change 09-10	-.042	p >.05
Organizational Efficiency 08-09 / Budget Change 09-10	-.370*	p <.05
Strategic Performance 08-09 / Budget Change 09-10	.039	p >.05

What's underlies this anomaly?

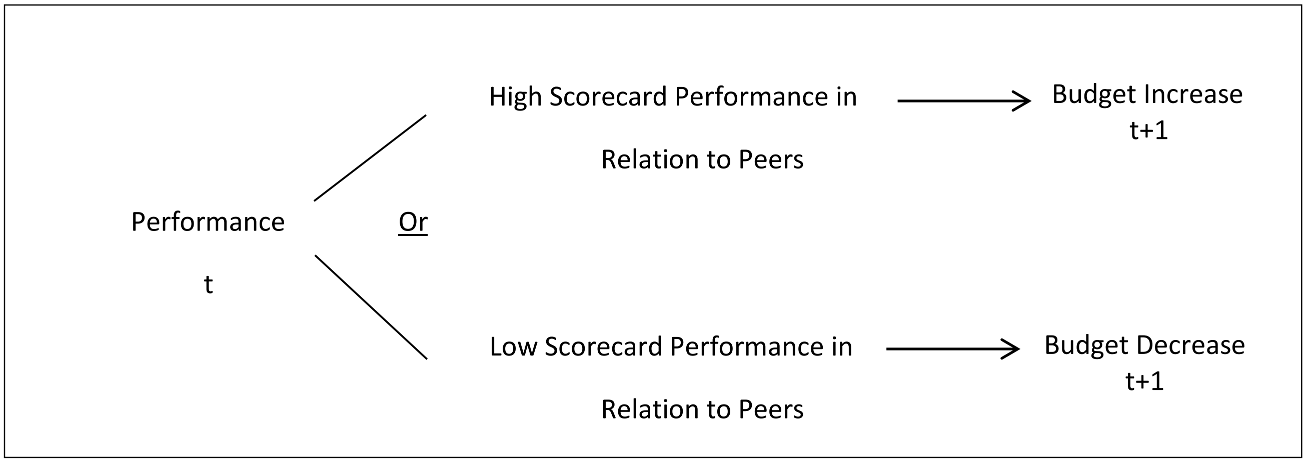
For the first year tested the only significant relationship is a negative correlation between budget change and financial efficiency measures. Financial efficiency measures are calculated based on base labor costs as percent of gross base obligations, vehicle fleet count and fuel efficiency, overhead costs as a percentage of total obligations, and the change in obligations from previous years. These measures are directly linked to budgetary adjustments, with total spending and the proportion of particular expenditures over total spending being used to calculate three of the four indicators. A closer examination of the data for 2009 reveals that while the financial efficiency measures saw increases (spending cuts), unit budgets saw decreases. This relationship is actually counter to our hypothesis showing that parks that made desired spending cuts between 2007 and 2008 were not rewarded with budget increases the following year as expected. There is no correlation between financial efficiency change from 2008 to 2009 and budget changes the following year.

For the second year tested, using H1, Performance Change 08-09, Budget Change 09-10, the analysis again shows only one significant relationship. There is a moderate negative correlation between organizational efficiency change and budget change, a sign opposite of that hypothesized. Organizational efficiency measures include the amount of outside funding received, the ratio of volunteers to total labor force, and the span of control within the units. The negative relationship indicates that despite decreases in organizational performance (decreased proportion of volunteers, decreased amount of outside funding received, and decreased span of control), budgets increased. All of these null findings indicate that hypothesis H1 should be rejected. There is no significant, positive relationship between performance changes and the following year's budget change.

Returning to the discussion of the use of scorecard analyses within the agency, particularly in the formulation of gradecard measures, I set out an alternative hypothesis. This hypothesis is that budget changes are influenced by relative performance of individual units compared to their peers in that given year, rather than on changes in a unit's performance from past years. This hypothesis predicts that the annual relative performance of a park will influence its budget change for the following year. This hypothesis is modeled in figure 5.7.

Figure 5.7: Hypothesized Relationship between Performance and Budget Change

H2: For any given year t relative scorecard performance will have a directional effect on budget changes for the following fiscal year, t+1.



For this hypothesis there are three years of data available for testing, The budget changes from 2007 to 2008, 2008 to 2009 and from 2009 to 2010 (the dependent variable) are analyzed for the effects of changes in total performance from one year previous (the independent variable). The cases are the sampled park units. The scatter grams in figures 5.8, 5.9 and 5.10 show the relationship between these variables for the years tested.

Support for my hypothesis would show a positive relationship between the two variables. As the figures show, however, there's no or virtually no linear relationship between relative performance and subsequent budget change. It may be noteworthy that there's greater variability in subsequent budget change for high performing parks than for low performing parks. The latter, in particular, appear to "fly under the radar" in terms of budget change--poor performance means no large increases, but also no large decreases.

Figure 5.8: Budget Change from 2007-2008 as a Product of Total Performance from 2007

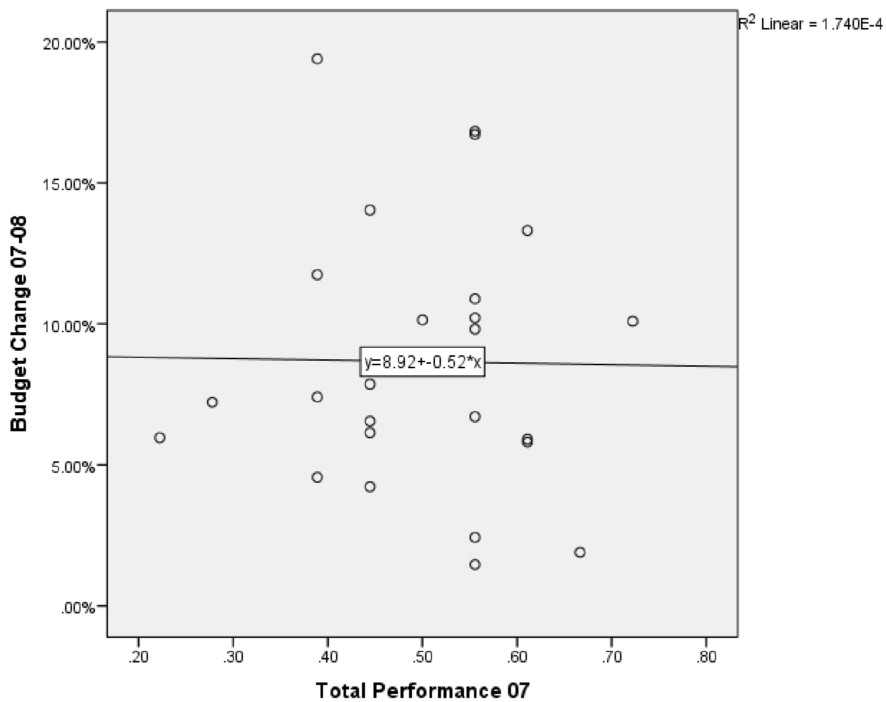


Figure 5.9: Budget Change from 2008-2009 as a Product of Total Performance from 2008

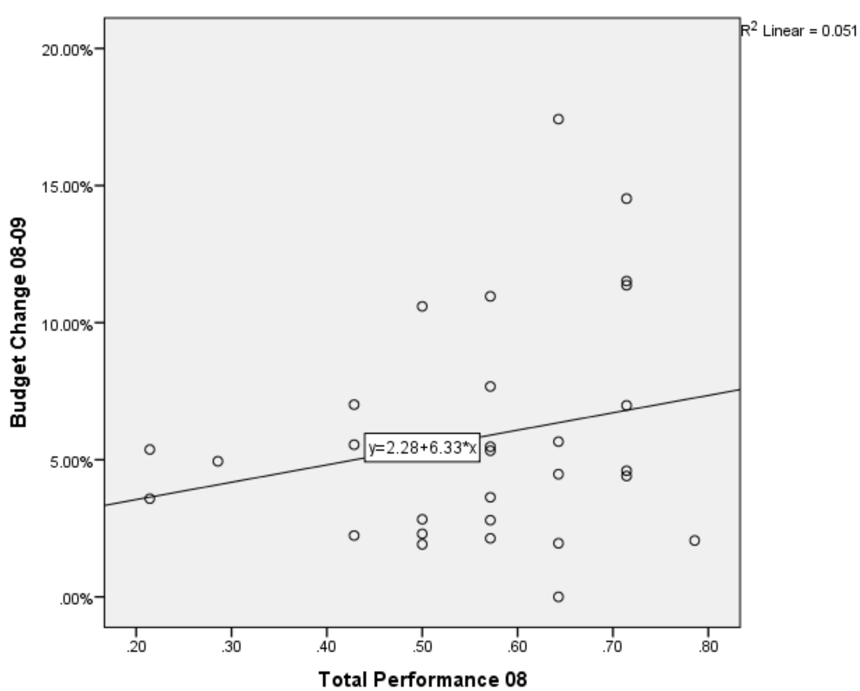
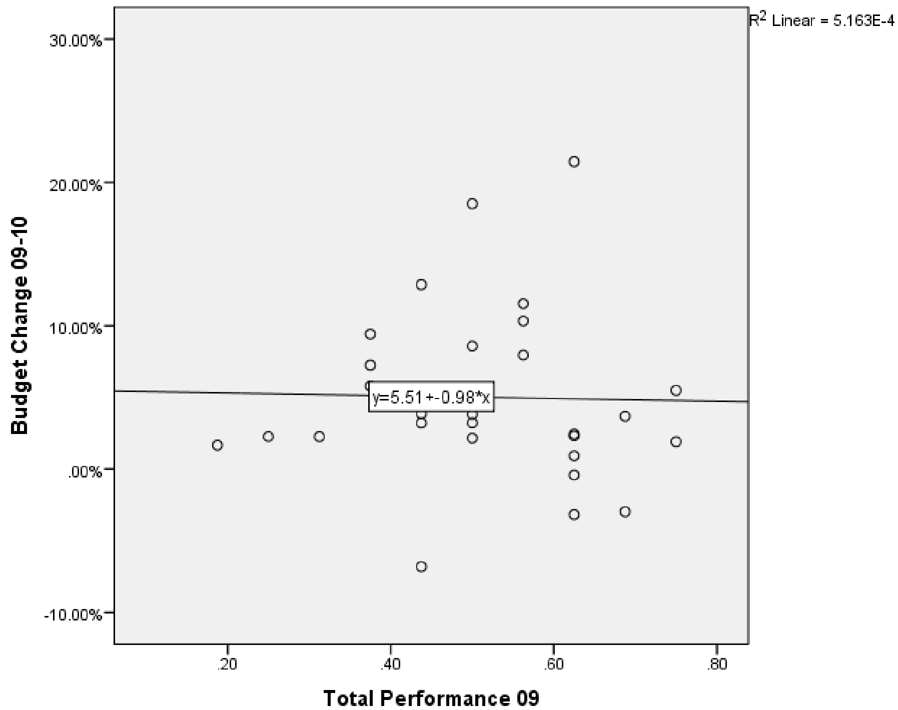


Figure 5.10: Budget Change from 2009-2010 and a Product of Total Performance from 2009



I calculated the correlation between the performance measures and budget changes, looking at the three annual scorecard measures (efficiency, organization and strategic) as well as the total performance score. For all of the performance measures, there were no significant correlations for any years. Based on these findings *H2* is rejected. There is no evidence that relative performance in any year affects budget change the following year.

An alternative hypothesis was developed to test whether there was a lag in the relationship between performance and budget changes. This hypothesis, *H3*, predicts that relative performance will have an effect on budgets the second year following and is as follows:

H3: For any given year t, relative scorecard performance will have a directional effect on budget changes for the following fiscal year, t+2. The following figures test this hypothesis.

Figure 5.11: Budget Change from 2008-2009 as a Product of Total Performance from 2007

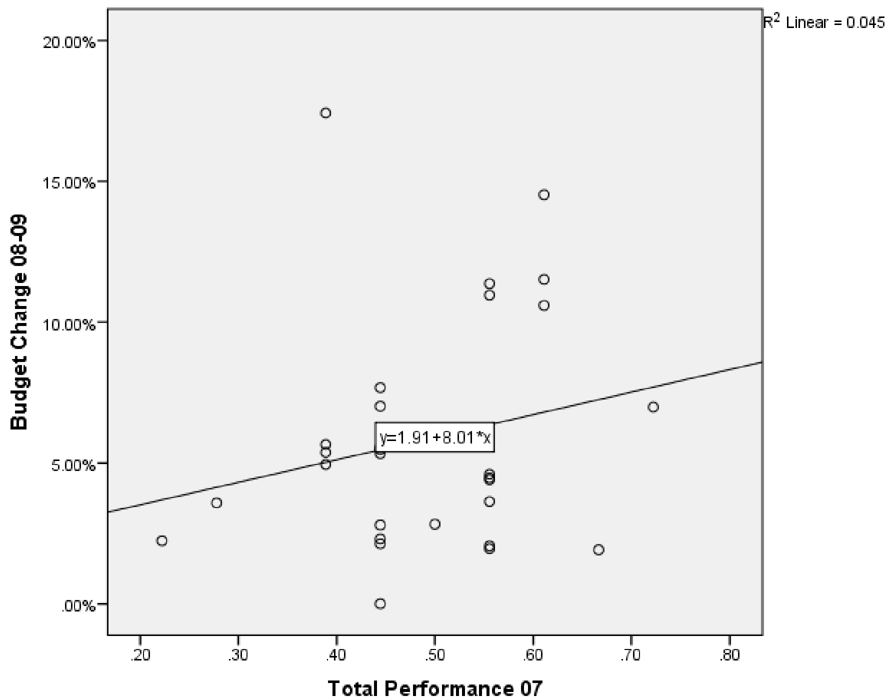
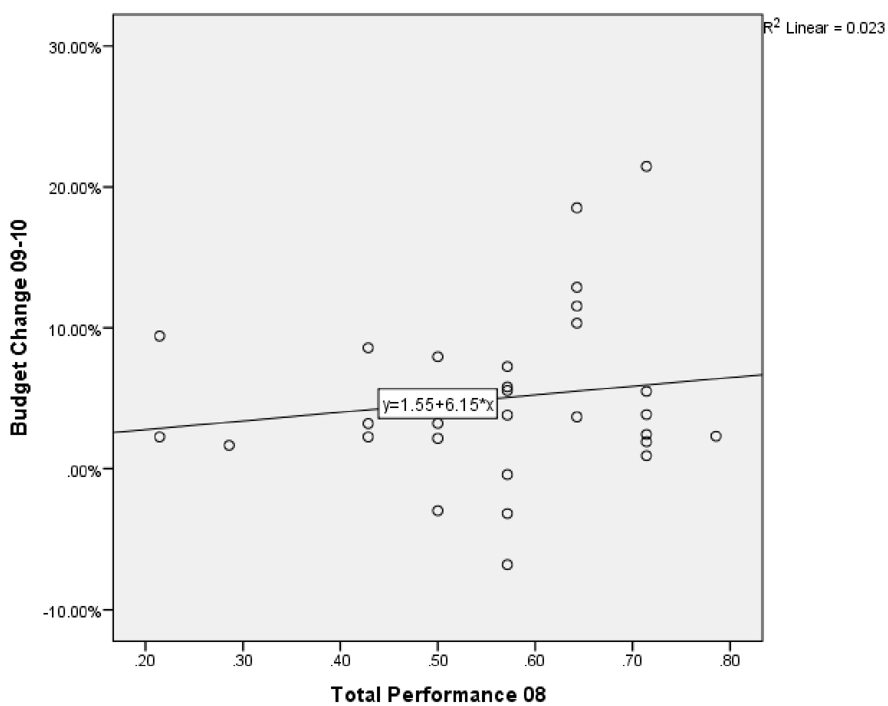


Figure 5.12: Budget Change from 2009-2010 as a Product of Total Performance from 2008



There are two years of data available to test this relationship, (Budget Change 08-09, Performance 07) and (Budget Change 09-10, Performance 08). Figures 5.11 and 5.12 show a very modest linear relationship between total performance and budget change two years later. Looking at the correlations of all of the performance scores with budget change, however, there were some significant, positive correlations. These correlations are shown in Table 5.4.

Table 5.4: Correlation of Performance Scores and Future Budget Change Increments 2007-2011

Variables	Correlation Coefficient	Significance
Financial Efficiency 07 / Budget Change 08-09	.429*	$p < .01$
Organizational Efficiency 07 / Budget Change 08-09	.103	$p > .05$
Strategic Performance 07 / Budget Change 08-09	-.182	$p > .05$
Financial Efficiency 08 / Budget Change 09-10	.249*	$p < .05$
Organizational Efficiency 08 / Budget Change 09-10	-.035	$p > .05$
Strategic Performance 08 / Budget Change 09-10	.014	$p > .05$

Table 5.4 shows a significant positive correlation, for both years tested, between the financial efficiency ratings and future budgets t. This result indicates that the financial efficiency rating does have an effect on the budget that is formulated the following year and enacted the second year after scorecard measures are reported (t+2). These findings lend weak support to hypothesis H3, at least with respect to the domain-specific performance of financial efficiency.

It is possible that financial efficiency scores were used in these years as decision tools to inform funding decisions. The financial efficiency indicators measure cost savings. It follows that parks that exhibited cost savings in 2007 saw budget increases in the 08-09 cycle and those that exhibited cost savings in 2008 the saw increases in the 09-10 cycle. This is consistent with the *Greenbook* funding priorities discussed in the previous chapter that stated that parks would be rewarded for a record of efficient resource management. The moderate strength of these correlations, however, indicates that the relationship is far from perfect. The lack of significant correlations between organizational efficiency, strategic performance and budget changes plainly shows that all of the measures are not consistently used in budget change decisions. These findings support the notion that for the NPS, the effects of performance on budget changes are rather minimal and, over the period investigated here, limited to considerations of financial efficiency.

Apart from financial efficiency, it's apparent that better performance is not rewarded by increased budgets. What's going on? One possibility is that increased budgets enable better performance--that is, the performance of parks is shaped by their budget. Interestingly, there are a number of significant, positive correlations between the scorecard data and budgets from the same year (Performance t and Budget t) or the previous year (Performance t and Budget t-1); more than for the relationships tested above. If anything, budgets are affecting performance, not performance affecting budgets, particularly with respect to organizational efficiency. These relationships are displayed in Tables 5.5 and 5.6 below.

Table 5.5: Correlation of Performance and Present Budget Change Increments 2007-2011

Variables	Correlation Coefficient	Significance
Same year :FY to FY		
Organizational Efficiency 07-08/ Budget Change 07-08	.372*	p <.05
Financial Efficiency 07 –08 / Budget Change 07-08	.042	p >.05
Strategic Performance 07 –08 / Budget Change 07-08	-.097	p >.05
Organizational Efficiency 08-09 / Budget Change 08-09	.160*	p <.05
Financial Efficiency 08-09/ Budget Change 08-09	.176	p >.05
Strategic Performance 08-09 / Budget Change 08-09	.163	p >.05
Organizational Efficiency 09-10/ Budget Change 09-10	.313*	p <.05
Financial Efficiency 09-10/ Budget Change 09-10	.195	p >.05
Strategic Performance 09-10/ Budget Change 09-10	-.195	p >.05

In Table 5.5, measures of organization efficiency from all three years tested are positively correlated with budget changes in these same years. This says that budget increases or decreases have a directional, though moderate, effect on the organizational efficiency score. As previously discussed, the organizational efficiency score includes the following indicators: the amount of outside funding received, the ratio of volunteers to total labor force, and the span of control within the units. On the NPS scorecard, these indicators are all measured positively; meaning increases are better. The positive correlation between budget changes and the organization score argues that when budgets increase performance on one or more of the three component indicators improves. Among the three indicators, span of control is most likely. When budgets increase, hiring additional staff is feasible, and the park's span of control will go up. When budgets are cut, the hope is that parks would respond by increasing their volunteers and seeking additional funding from outside sources. The reality, however, is that they are more likely to be successful at doing these things when they see increases in their budgets.

The last set of correlations, presented in table 5.6, explore the effects of budget changes on performance indicators for the year following the budget change. These correlations were calculated to further explore the idea that budget changes may have an effect on operational choices that will have impacts on future performance. The table shows positive correlations between budget changes and the following year's performance in the three domains. The findings show that all three measures of performance are affected by previous budget changes in some years. However, organizational efficiency continues to be the indicator most affected.

Table 5.6: Correlation of Past Budget Change Increments with Performance 2007-2011

Variables	Correlation Coefficient	Significance
One year lagged: FY to FY-1		
Organizational efficiency 08/Budget change 06-07	.450*	p <.01
Organizational efficiency 07-08/Budget change 06-07	.478*	p <.01
Organizational efficiency 09/ Budget change 07-08	-.378*	p <.05
Organizational efficiency 08-09/ Budget change 07-08	-.411*	p <.05
Strategic perfromance10/ Budget change 08-09	.469*	p <.05
Financial efficiency 11/ Budget change 09-10	.467*	p <.05
Financial efficiency 10-11/ Budget change 09-10	.503*	p <.01

A plausible causal relationship exists between budget decreases and organizational efficiency. Two indicators contributing to the organizational efficiency score, the span of control indicator and the ratio of volunteer's to park staff, will necessarily change in response to the number of seasonal staff hired annually. As discussed previously, when budgets increase the ability to hire more staff increases. This will likely automatically increase a parks span of control creating a positive correlation between budget increases and organizational efficiency. Greater funds can also support a larger volunteer network increasing park performance on that indicator as well. However, the approach any particular park takes to managing its staffing as a product of funding could create the opposite effect. If budgets decrease, park managers will have fewer resources for staff and will hire fewer people, however who is selected to be hired will have impacts on the span of control indicator. Some parks may choose to reduce the number of seasonal rangers hired from the higher ranks, ones with supervisory authority, because they are more expensive. In this case a decrease in supervisory staff may create a positive reaction in the span of control indicator even if the number of staff hired on has decreased. Additionally, a decrease in funding for staffing will spark a drive to increase the number of volunteers, where possible. In some parks recruiting volunteers without funding is feasible, in others it is not. For this reason the direction of the relationship between funding and performance change on these indicators could be quite variable.

There are also plausible arguments for a causal relationship between budget change and two other indicators of organizational efficiency: the proportion of external funding received and the number of external park partnerships. When operations are working with a small staff and a "bare bones" budget these things are most needed to help the parks gets by, this would indicate that these things should increase with budget decreases (a negative relationship). However, park staff need to spend effort, time, and even money seeking outside funding through grants and donations and establishing and participating in partnerships. When staff time and money are scarce obtaining these desired resources may be more difficult. As budgets, increase, there's more money for these activities. The changing signs of the correlations from year to year may simply reflect the effects of changing budgets on park manager decisions that affect the values of these organizational efficiency indicators. The effects of budgetary change on agency operation and performance, plainly, need further investigation.

Summary

This chapter examined the effects of agency unit performance on budgetary outcomes. The purpose was to assess the degree to which the NPS used performance budgeting as a budgeting tool, rather than simply a managerial one, thereby fulfilling the mandate of PBB. In general, there were no statistically significant relationships between relative performance change and budgetary change. There was a positive and significant relationship between relative performance and budget changes (lagged one year), but this relationship only existed between the financial efficiency performance measure and budget change. There was no statistically significant correlation with total performance, organizational efficiency, or strategic performance.

These findings appear to show that in the NPS there's no causal relationship between performance and budgets. The only exception may be for the financial efficiency performance measures. The GAO study in 2006 speculated that the effects would be small.

Unexpectedly, conducing further exploratory analysis, I found a large number of significant correlations between budget change and performance in the same year and performance in the following year. This certainly raises an alarm about the direction of the causal relationship between performance measures and budgeting. Performance budgeting is supposed to work by rewarding improved performance with increased budgets. In the NPS, however, increased budgets, if anything, enable better current and future performance. Indeed, if causality runs in the opposite direction, it's not hard to come up with plausible explanations of why budget changes are having immediate and delayed effects upon performance measures. It's likely that many obvious relationships exist between budget change and performance. This turns back the budgeting clock to the old fashioned notion, still difficult to refute, that it takes money to get things done. If park managers are to do a better job dealing with problems such as structural maintenance, the management of invasive species, and injury prevention, they'll need more money. Cutting their budgets won't do it.

So what then are the effects of performance measurement, if it does not affect budgets? Are there additional indirect budgetary or non-budgetary effects of performance based reforms at the sub-agency level? The next chapter turns to an analysis of managerial narratives to answer these questions.

CHAPTER 6 - PERFROMANCE BUDGETING AND SUB- AGENCY MANAGEMENT

Do performance based budgeting reforms have effects in the NPS even though they don't influence budgets? Does systematically measuring performance influence managerial behavior? If it does, what types of impacts could this have for the effectiveness of agency operations and service provision? These are important questions that deserve consideration. Although the effects of performance based reforms on budgeting processes in the NPS budget have been the central focus of this work, the effects of the reform for NPS operations are paramount in evaluating their benefit to the agency. The NPS and other agencies were not created, after all, to craft budgets and conduct evaluations. These agencies were created to solve public problems and to provide goods and services to the American people. Budgets and evaluations are simply tools to help them do so in the most effective and efficient way possible. Are these tools in fact helping agencies to better fulfill their missions? These questions are central to this chapter.

Previous chapters have shown that performance based reforms have had wide spread effects on the way that the NPS focuses administrative efforts. These chapters have also shown that the NPS has used reforms to create clear goals and objectives for the distribution and utilization of funds. The NPS has tried to integrate these goals and objectives at all levels of the agency through the adoption of reporting tools and budgetary procedures. The NPS has adopted a system for tracking performance and communicating performance results through the scorecard/gradecard system. Analysis of this system has shown that the relationship between budgetary change and performance in the agency is complex. Though performance scores may have some effect on park unit budgets, my analysis was unable to find much, if any, effect. However, my analysis showed that budgetary changes do affect performance.

Many authors (Breul, 2007; Kettl, 1998; Swiss, 2005; Thompson & Ricucci, 1998) have focused on the implications of efficiency reforms for the accountability of agencies to the public. Thompson and Riccucci argue that “no systematic assessment of who gets what, when, and how from government can safely neglect the critical role of its implementing agents” (1998:231). They emphasize the particular importance of the bureaucrat in successful implementation. Along with this assertion is the concern for bureaucrats and their ability to translate reforms into effective management, and therefore effective public service.

Why are there often problems with translating administrative and budgeting reforms into more effective management and service provision? The answer to this question is often a lack of understanding and even concern by those adopting and imposing such reforms. They are very far removed from the agencies and the managers in those agencies who will be implementing the reforms. A situation exists where politics has intruded, perhaps needlessly, into administration. Thompson and Riccucci (1998) argue that the pursuit of reform may be largely symbolic. Apart from its desired effects on public administration, reform is used to send signals about values to actors outside of agencies, many of whom have little involvement with the agency at all (Box, 1999). Politicians, interest groups, and the public may value reforms that make the administrative agencies more responsive to them regardless of whether these reforms actually serve the broader public interest, accountability, or even any of the “three famous e’s: efficiency, effectiveness, or economy” (Berman, 2006; Thompson & Riccucci, 1998, Wilson 1989). In such a case, reforms lead to management problems beyond the logistics of successful implementation. These reforms, while they may result in a more responsive agency, don't result in anything else of value (Denhardt & Denhardt, 2000). This can lead to dysfunctional systems, poor outcomes, and a great deal of frustration on the part of implementing managers who must balance the demands of reform with the need to continue to provide services.

Reforms, Performance, and Management

The outcome of reform efforts at the sub-agency level is of particular concern due to their direct impact on the served public. Constituent groups, park visitors, and surrounding communities directly feel the effects of funding and park units' changing priorities. These effects take the form of changes to programs and service availability. The core-ops reform, discussed in chapter 4, provides an excellent example of how things can go wrong. This reform effort reordered funding priorities in the NPS, resulting in substantial cuts in agency personnel and the atrophy of important mission based programs. The following analysis looks at the reforms and their effects upon management priorities and planning.

Research Question and Methodology

This analysis addresses the following research question*: How has the implementation of performance based reforms affected agency operations, priorities, and behavior?* This question was inspired by a subset of questions included in the 2006 Government Accountability Office (GAO) study. In this study the GAO asserts that scorecard implementation under the GPRA/PART had clear effects upon managerial priorities. A description of the 2006 study and its influence on the work presented here helps to provide context for this assessment.

2006 GAO Analysis of Performance Budgeting in the NPS

The GAO study that serves as a guide for this analysis looked at the relationship between performance based reforms and managerial behavior. In the 2006 study, the GAO used quantitative analysis of budget data along with interviews of managers from six large NPS units to assess the effects of the GRPA/PART reforms. The study assessed the effectiveness of scorecard implementation, the effects of the implementation on management, and the relationship between the scorecard assessments and changes in annual funding.

The GAO study began with an assessment of the effects of the budget reforms on park budgets. Like the analysis conducted in chapter 5, the GAO found little relationship between park unit performance and changes in budgetary allocations. The GAO study also conducted a qualitative assessment of the effects of performance based reforms on agency operations. The GAO asked managers of the select units what they expected the outcomes of reduced budgets on their park operations to be. It also asked managers what things they were particularly concerned about in terms of their ability to continue to operate at the current level of program provision and visitor service. Additionally, the GAO asked managers what they planned to do in order to improve their future budget prospects.

The parks surveyed by the GAO indicated that they would respond to the budget cuts by reducing the costs of daily operations in a variety of ways. They would reduce seasonal staffing, increase the reliance on volunteers, decrease educational programs, and reduce hours of operation (GAO, 2006). The managers, however, also expressed concern that these actions would have a negative effect on their ability to maintain operations and fulfill their missions. Not surprisingly, many of the managers expressed great concern with funding and its effects on the quality of service. First, there was concern for the effect of performance budgeting on their ability to maintain or regain budgetary stature. Second, there was concern for their ability to gain greater access to grant and project funding, which also partially depends on performance. Finally, managers were simply concerned with the quality of service they would be able to provide to their visitors when cuts reached critical levels (GAO, 2006). I'll look here at a larger sample of parks to determine if these managers' concerns are widespread and not just those of the small sample of parks that participated in the GAO study.

Approach to Analysis and Methodology

With respect to the research question posed above, "*How has the implementation of performance based reforms affected agency priorities and behavior?*" I analyzed individual budget justifications from a sample of 29 park service units. Following up on the GAO's findings, the analysis here looks at: 1) the role that performance measures played in the management decisions of park units and 2) the degree of influence that performance considerations and budgetary concerns had on one another. To make these determinations I looked for answers to the following questions.

Table 6.1: Park Management Reform Questionnaire

1. *Was the narrative generally future or past oriented when justifying allotments?*
2. *Did the narrative indicate that programmatic performance goals were met?*
3. *Did the narrative indicate that agency operations were changed in an effort to meet performance goals?*
4. *Did the narrative indicate that spending patterns were adjusted toward the achievement of performance goals?*
5. *Did the justification include an explanation for unachieved goals?*
6. *Were unachieved goals presented as within the unit's ability to achieve?*
7. *Did the narrative convey the need for additional support in the form of resources in order to meet goals?*
8. *Did the narrative describe plans for future attainment of external funding?*
9. *Did the narrative indicate a desire to increase unit funding through internal means?*

10. *Did the narrative make an effort to specifically link the park operations and spending needs to initiatives?*
11. *Did the narrative convey the need for additional support in order to maintain critical infrastructure and make repairs?*

Content Analysis of Budget Justifications. To obtain answers to these questions, I conducted content analysis of the narrative portion of budget justifications for individual park units. This method was selected since I lacked the time and money to interview managers directly. My method is appropriate, however, since the information needed to answer these questions is generally available in the budget justifications. I and a research assistant, using the list of questions, each read the budget justifications and assigned codes (usually "yes" or "no") to each of the questions. I compared my codes to the research assistant's codes to assess reliability. It was apparent that not all of the questions could be answered with a simple “yes” or “no,” answer. There were some cases where my coding differed from the research assistant's coding. To resolve these differences, I added a third code to several questions to resolve discrepancies between my codes and the research assistant's. I identify and discuss these additional codes for each question in the following sections. It's necessary here, however, to give a brief explanation of unit budget justifications in order to clarify the nature of the data used for this analysis.

Unit Budget Justifications. Each year each NPS unit creates its own budget request and justification for the following year. These justifications are very similar to those created for the agency as a whole (*Greenbooks*), but, given the smaller size of the units, are much shorter and narrower in scope. The narrative portion of the justification allows managers to give context to their unit's budget data and to voice their particular concerns, needs, and priorities for the continued operation of their unit.

The design of the budget justifications reflect the fact that it is high level agency managers who utilize them for decision making purposes. The first section of the justification provides the requested base budget in line-item and program budget format. This portion also includes the past year's budget data for comparison purposes. The second section is the narrative portion which provides the description and reasoning for funding requests. The narrative includes an explanation of the intended use of requested funds as well as an explanation of the use of prior funds. This is the portion of the budget that is used for content analysis. These narratives provide a rich and detailed discussion of budget needs and priorities. Additionally, there is an incentive for parks to tie funding to goal attainment and increased efficiency and this is reflected in the narratives as well. Because of this incentive, budget narratives are the best available tool for analyzing how park managers deal with performance expectations and what these expectations produce in terms of changes to the parks' operational behavior and management strategy.

The general purpose of these narratives, from the perspective of unit managers, is to both explain past management decisions and to persuade higher level managers to make future budgetary decisions favorable to their unit. To achieve this purpose, there are incentives for unit managers to provide perspectives on performance that will be favorable to the unit's budget. The unit manager's beliefs as to what will result in the most favorable outcomes for their unit, thus, are embedded in this narrative. Although my analysis reveals little relationship between performance measures and budget outcomes, it's far more likely that there will be a relationship between the unit manager's perceptions regarding their unit's performance and the rationales that they give for their unit's actual performance measures. These perceptions are important for several reasons.

First, managerial perceptions are the real driver of operational decisions. Second, it is these operational decisions that ultimately affect the unit's performance. Finally, perceptions of rewards and punishments for performance outcomes will determine the level of priority that managers give to performance in particular operational decisions. Thus, a unit manager's perceptions about the relationship between her unit's performance and its budget will have implications for unit operations and, therefore, unit efficiency, effectiveness, and quality of service. Only if performance budgeting results in units changing their operations, and only if these changes result in greater unit efficiency, effectiveness, and quality of service can it be said that the reforms have been successful.

The following analysis seeks to determine the relationship between managerial perceptions, operational changes, and performance outcomes. It does so by looking at the relationship between the performance data from unit scorecards (also utilized in chapter 5) and the content of the narratives.

Measures and Coding. For each question, the unit manager's narrative is coded either “yes” or “no,” meaning that the narrative addressed the question ("yes") or it did not ("no”). In most cases the questions focus on a specific quality of the narrative, such as question 1 which looks at the general past or future orientation of the narrative. In cases where the quality in question is presented in a way that has elements of both orientations, it was necessary to add a third code—“mixed,” meaning the substantial presence of both orientations. Thus, the “mixed” designation is given to show that the narrative is variable for that quality. The specific meaning of mixed designations will be detailed for specific questions where these appear in the analysis to follow.

In order to determine if scorecard performance had a significant impact on managers' narratives, I constructed cross-tabulation tables, where performance is the independent variable, and narrative content the dependent variable. The performance data are derived from the unit’s scorecards that furnish the rational for the unit manager's budget justifications. As indicated above, units report their performance data by using separate categories. For my purposes, as I did in chapter 5, I collapse these data within the separate categories to create a “total” performance score. The standardized "total performance” score, discussed below, is used as the independent variable for the analyses in this chapter. The total performance scores were calculated by adding together the scores of all subcategories and dividing them by the total number of measures. Scores for each category were calculated by the number of measures that were equal or better than the average for that measure. The total score reflects the percentage of measures for which a unit scored at or above average, thus creating a comparative measure of performance across agency units. The total scores are then converted into qualitative grades based on the NPS gradecard system. Each performance score was given a qualitative designation as above average, average, or below average. Scores from 0.00 to 3.99 were designated as “below average”, scores from 4.00-5.99 were designated as “average” and scores of 6.00 or greater were considered “above average.” Although the gradecard system does include “very above average” and “very below average” designations as well, there were too few scores in either of these categories to make their use very informative here. Subsequently, for this analysis the “very above average” category was combined with the “above average” category, and the “very below average” category was combined with the “below average”.

Analysis, Findings, and Discussion

The tables below show the relationships between my measure of scorecard performance and narrative content. The independent variable Scorecard Performance (below average, average, or above average) is the column variable, while narrative qualities, the dependent variable, is the row variable. The columns include the percentage and number of cases from each performance category for each narrative content code, with the column percentages totaling 100%. Analysis and discussion accompanies each table.

Approach to Justification and Past Performance

I begin with a couple of questions aimed at assessing the way that current performance levels effect managers approaches to budget justifications. These questions gauge how NPS managers use justification narratives as communication tools to explain their performance to higher level agency officials. The narrative justifications for park unit budgets tend to include both forward and backward looking statements. The first question asks in which direction the narratives were written. I want to determine if performance dictates the direction of the narrative and therefore the emphasis on past or future performance. Further, I want to know what managers perceive to be the effects of past performance or future performance on budget decisions. To this end, the second question asks if goal attainment played a central role in justification narratives. Do managers focus their narratives on those goals that were attained? If they do, it suggests that managers assume budget decision makers will give a high priority to performance achievement.

Testing Hypotheses on General Narrative Orientation: Survey Questions 1-2. I hypothesize that managers believe that the past performance of their units will be used by the NPS and others to make decisions that will affect their units. Knowing this, managers will construct budget narratives that reflect, as positively as possible, their unit's current performance, or performance potential. More specifically, it is hypothesized the managers of parks that achieved their goals (expressed in average and above average performance scores) will be past oriented in their justifications, using evidence of the park's achievements to support budget requests. Conversely, I hypothesize that the managers of parks that have not yet achieved their goals (expressed in below average scores) will use narratives that are forward thinking, using future plans regarding goal attainment to attract future budget increases. In this analysis narratives were coded as past oriented, future oriented or mixed. Mixed orientation narratives are those that utilize both past performance and future performance improvement in justifying budget increases.

H1: *Managers of parks that performed well are past oriented in their justification narratives.*

Table 6.2 is a cross-tabulation that tests H1. There is no support for H1. The managers of units with above average performance were not more likely to be past oriented--only 17% of their narratives were past oriented, compared to 20% for the managers of units with below average performance, and 16% for the managers of units with average performance.

Table 6.2: Relationship between Park Unit Scorecard Performance and Directional Content of Manager Narratives, FY 2008 through 2011 *Question (1)**

	Scorecard Performance, 2008-2011		
Narrative Direction.	Below Average	Average	Above Average
Past oriented	20% (n=5)	16% (n=10)	17% (n=5)
Mixed	56% (n=14)	64% (n=39)	66% (n=20)
Future oriented	24% (n=6)	20% (n=12)	17% (n=5)
Total	100% (n=25)	100% (n=61)	100% (n=30)
Chi-square=.780 Sig= .941 Gamma= -.102; tau c= -.059 Sig=.413			
* *Question 1: Was the narrative generally future or past oriented when justifying allotments?*			

It is noteworthy that the largest proportion of performance scores fall into the average category, about 53%, giving fewer cases to compare in the above (26%) and below average (22%) categories. For the question of narrative direction, the large majority of narratives in all performance categories (56-66%) were mixed, using both future and past perspectives in explaining budget need and performance/capability.

H2: Managers of parks who performed well will use evidence of their goal attainment in narratives.

Table 6.3 tests this hypothesis. The rationale for this hypothesis is that managers whose units performed well and attained goals will use evidence of this to justify their requests for budget increases. Table 6.3 shows weak support for the hypothesis, with 90% of the managers of units performing well including in their narratives evidence of their unit's goal attainment; the corresponding percentages are somewhat lower for the managers of units that performed below average (72%) or average (72%). These differences, however, are not statistically significant.

Table 6.3: Relationship between Park Unit Scorecard Performance and Goal Attainment Content of Manager Narratives, FY 2008 through 2011 *Question (2)**

	Scorecard Performance, 2008-2011		
Goal Attainment	Below Average	Average	Above Average
Yes	72% (n=18)	72% (n=44)	90% (n=27)
No	28% (n=7)	28% (n=17)	10% (n=3)
Total	100% (n=25)	100% (n=61)	100% (n=30)
Chi-square= 3.994 Sig= .016 Gamma= -.320 ; tau c=- .138 Sig= .067			
* *Question 2: Did the narrative indicate that programmatic performance goals were met?*			

Managers from all categories of achievement, plainly, were highly likely (72-90%) to utilize past goal attainment in their budget narratives. The results of these analyses tell us that managers, regardless of performance, tend to use similar approaches to their budget narratives. Most tend to use their record of performance to support their budget requests, though those with higher performance use this approach slightly more than those with average or below average scores. Additionally, most managers rely equally on past performance and future plans for goal attainment to justify their needs for budget increases.

Performance and Managerial Priorities

Questions 3 and 4 ask if managers have made changes in operations and spending choices in response to performance measures. These questions seek to determine what effect performance measures, designed to be linked to budget decisions, have had on managerial behavior at the unit level. It is expected that managers will change operations and spending patterns in whatever ways they see as best for achieving their performance goals, while still trying to maintain the quality of service provided to public. In the GAO study, a major concern of unit managers was that changes in spending and operational priorities made in an effort to meet performance standards came at a cost to the quality of service. These concerns by unit managers may be well founded. The findings of the previous chapter showed that financial efficiency was the performance area that was the most highly correlated with budget changes and not strategic performance (which measures visitor satisfaction and learning). To assess the level of influence performance concerns have had on park management's operational and spending decisions, I set out the following hypotheses:

H3: Managers of units with below average performance are most likely to use explicit explanations of operational changes to justify their funding needs and to exemplify efforts toward performance improvement.

H4: Managers of units with below average performance are most likely to use explicit explanations of spending changes to justify their funding needs and to exemplify efforts toward performance *improvement.*

The rationale for H3 is that managers of units with below average performance must say something about the operational changes that they have undertaken or plan on undertaking to improve performance. It's simply not acceptable for the managers of such units to not make any changes to address the problem of below average performance; the status quo for these units is not acceptable. The managers of these units will be under very close scrutiny and must say something about improving their performance.

Similarly, there is an expectation that managers of parks that underperformed will make changes to their spending habits in order to increase efficiency measures and to redirect funds toward areas of underperformance. Those narratives that provide explicit explanations of operational spending changes are coded as “yes,” those that provide implicit explanations are coded as “mixed” those that either explicitly express continuity in spending and operations or do not mention changes at all are coded as “no.”

Table 6.4 is a cross tabulation that tests H3. It is apparent that the majority of narratives describe changes in operations and spending patterns in some capacity, while very few explicitly express continuity of operations/ spending or omit discussions of operational and funding changes from their narratives altogether. However, in many cases changes are discussed, but not explicitly stated as a part of a performance improvement strategy. In these cases the response was coded as “mixed." Still, the unit managers in these cases do include discussion of operational/spending changes in the narratives.

Table 6.4 shows that managers in parks with below average performance were no more likely to make reference to operational changes (28%) than managers in parks with average performance (27%) although somewhat more likely to do so than managers in parks with above average performance (12%). These differences, however, were not statistically significant.

Table 6.4: Relationship between Park Unit Scorecard Performance and Operation Change in Content of Manager Narratives, FY 2008 through 2011 *Question (3)**

	Scorecard Performance, 2008-2011		
Operational Change	Below Average	Average	Above Average
Yes	28% (n=7)	27% (n=16)	12% (n=4)
Mixed	68% (n=17)	70% (n=43)	80% (n=24)
No	4% (n=1)	3% (n=2)	9% (n=2)
Total	100% (n=25)	100% (n=61)	100% (n=30)
Chi-square= 2.622 Sig= .623 Gamma= -.157; tau c=- .060 Sig= .358			
** Question 3: Did the narrative indicate that agency operations were changed in an effort to meet performance goals.*			

Table 6.5 is a cross-tabulation that tests H4. It shows that the managers of parks with below average performance were more likely (40%) to make explicit reference to spending changes than the managers of parks with average (28%) or above average (17%) performance. Once again, however, the differences were not statistically significant.

Table 6.5: Relationship between Park Unit Scorecard Performance and Spending Change in Content of Manager Narratives, FY 2008 through 2011 *Question (4)**

	Scorecard Performance, 2008-2011		
Spending Change	Below Average	Average	Above Average
Yes	40% (n=10)	28% (n=17)	17% (n=5)
Mixed	60% (n=15)	70% (n=43)	80% (n=24)
No	0	2% (n=1)	3% (n=1)
Total	100% (n=25)	100% (n=61)	100% (n=30)

Chi-square= 4.531

Sig= .361

Gamma= -.257; tau c=-.101

Sig= .127

** Question 4. Did narrative indicate that spending patterns were adjusted toward goal achievement measures?*

Managers clearly perceive some pressure to make changes to their operations and spending choices in order to meet performance goals and it's likely that they believe that making or proposing to make these changes will help them to get their requested budget increases. Further, it appears that it's the managers of parks that are performing below average who appear to be under the most pressure to include narratives about changes to park operations and to spending to justify their budget requests.

Managerial Perspectives on Goal Attainment and Measurement

Questions 5-7 look at park managers and their views about performance measures and their attainability. Question 5 asks how often managers give explanations for unattained goals. Question 6 asks whether managers discuss the achievability of unachieved goals. Finally, question 7 asks about managers and whether they include narrative about the need for additional resources (funding and staff) in order to meet performance expectations. Based on the findings of the GAO report managers are particularly concerned about goal attainability. Managers, fully aware of their park's performance measures, almost surely think that budgets will be linked to their park's ability to perform. These questions further gauge the perceptions of managers regarding underperformance, their concerns about performance measures, and their blaming of underperformance upon budget shortfalls. Do current levels of performance have any effect on these things?

H5: Managers with below average scores will be most likely to explain unachieved performance goals to justify their funding needs and to exemplify efforts toward performance improvement.

The rational for this hypothesis is that it's the managers of parks with below average performance are under the greatest pressure to explain why their units fell short of reaching their goals. Such managers are undoubtedly reluctant to attribute the failures of their units to their own failures as managers. Inadequate budget, particularly in an agency like the NPS, has been a longstanding problem, and there's an incentive for park managers of parks with below average performance to talk about it, rather than about things that are directly under their control. Table 6.6 shows the distribution of explanations for unachieved goals for parks with various performance levels.

Table 6.6: Relationship between Park Unit Scorecard Performance and Explanation for Unachieved Goals in Content of Manager Narratives, FY 2008 through 2011 *Question (5)**

	Scorecard Performance, 2008-2011		
Explanation for Unachieved Goals	Below Average	Average	Above Average
Yes	20% (n=5)	25 % (n=15)	10% (n=3)
No	80% (n=20)	75 % (n=46)	90% (n=27)
Total	100% (n=25)	100% (n=61)	100% (n=30)
Chi-square= 2.694 Sig= .260 Gamma= -.215 ; tau c= -.085 Sig= .248			
** Question 5.Did the justification include an explanation for unachieved goals?*			

There is little support for the hypothesis. Twenty percent of the managers of park units with below average performance gave an explanation for their park's unachieved goals; 25% of managers of park units with average performance did so, and 10% of managers of park units with above average performance. These are not large differences, and they are not statistically significant. The most striking thing about Table 6.6 is that most managers (75-90%) actually avoid explaining unachieved performance goals. It is plain that the overwhelming majority of managers, regardless of their park's performance, do not care to show their "dirty laundry" for higher level NPS officials to see. The next hypothesis assess the outlook managers have toward their ability to achieve performance goals.

H6: Where performance scores are below average managers will assert that performance goals *are outside their reach under current circumstances.*

Do park managers think that their parks can achieve goals that have not yet been attained? Are they optimists? Table 6.7 shows the views of managers with respect to this question. For this analysis, three codes were used, yes, no and NA. "Yes" indicates that the manager discussed goal achievability and argued that the goals were attainable. "No" indicates that the manager discussed goal achievability but argued that the goals were unattainable. The NA designation indicates that the manager did not discuss goal attainability.

Table 6.7 lends weak support to the hypothesis. The managers of low performing parks were slightly more likely to say that unattained goals could be reached than the managers of better performing parks (40% below average, 22% average, 27% above average performance), but the differences were not large and were not statistically significant. The majority of narratives in all performance categories (56-75%) did not address goal achievability at all as designated by the NA column, and very few (0-4%) argued that goals were unachievable. It appears that park managers are generally optimists, or portray themselves as such in budget narratives. They discuss goal achievability in a positive light. Managers appear to have a "can do" attitude and see it as the better approach. Perhaps park managers are reluctant to be entirely candid with higher agency officials regarding what can and cannot be accomplished in their parks given the constraints, and especially limited budget, they must work with.

Table 6.7: Relationship between Park Unit Scorecard Performance and Perceptions of Goal Achievability in Content of Manager Narratives, FY 2008 through 2011 *Question (6)**

	Scorecard Performance, 2008-2011		
Perceptions of Goal Achievability	Below Average	Average	Above Average
Yes	40% (n=10)	22% (n=14)	27% (n=8)
Mixed/ NA	56% (n=14)	75% (n=46)	73% (n=22)
No	4% (n=1)	3% (n=1)	0
Total	100% (n=25)	100% (n=61)	100% (n=30)
Chi-square= 5.541 Sig= .236 Gamma= -.269 ; tau c= -.111 Sig= .115			
* *Question 6. Were unachieved goals presented as within the unit's ability to achieve?*			

The expressed need for additional resources in order to achieve performance goals was gauged in question 7 of the survey. This question asked whether managers cited the need for additional resources as a necessary condition for either continuing to achieve performance expectations or in order to achieve goals that were currently not satisfactorily met. The following hypothesis was tested:

H7: Where performance is below average, managers will be more likely to assert that additional resources are needed to achieve goals.

Table 6.8 is a cross tabulation testing H7. All park managers assert the need for additional resources, since the very purpose of the narratives is to secure additional budget for their parks. About half of the park managers (35-48%) also seem to be saying that the performance of their parks will depend upon the amount of budget that they get. This supports the GAO assertion that the performance based system puts added strain on park resources since parks are hard pressed to improve their performance without getting and spending more money. The performance level of the park, however, has little effect on whether they assert this or not; contrary to the hypothesis. Still it appears that the managers of parks performing below average are most likely to attribute this performance to a lack of necessary resources.

Table 6.8: Relationship between Park Unit Scorecard Performance and Request for Additional Resources in Content of Manager Narratives, FY 2008 through 2011

Question (7)*

	Scorecard Performance, 2008-2011		
Request for Additional Resources	Below Average	Average	Above Average
Yes	48% (n=12)	34% (n=21)	37% (n=11)
No	52% (n=13)	66% (n=40)	63% (n=19)
Total	100% (n=25)	100% (n=61)	100% (n=30)
Chi-square= 1.415 Sig= .231 Gamma= .028 ; tau c= .175 Sig= .439			
** Question 7. Did the narrative convey the need for additional support in the form of resources in order to meet goals?*			

Funding Needs and Attainment Strategies

The final set of questions, 8-11, assesses managerial views on funding restraints and strategies for funding improvement. This set of questions seeks to ascertain the effects of reforms and performance measurement on the financial strategies of NPS units. Along with the implementation of the scorecard based performance budgeting system, agency managers have also had to adapt under these reforms to a changing system of allocating funds. The change that occurred involved moving away from the traditional system of allocation in which the majority of a unit's funding was provided directly through base allocations, toward a grant-based, competitive allocation system. This transition has also been accompanied by decreasing NPS budgets, which serves to increase the competitiveness of this system. Additionally, enhanced competitiveness has the effect of increasing the priority that managers give to performance.

Managers seek to maintain and increase both their funding and their performance, but must do so in a changing budgetary environment. As the GAO survey found, managers have pursued two approaches, internal and external, to remedy the financial constraints imposed by decreases in base budgets. These approaches both have implications for unit performance and service provision. An external funding approach involves seeking additional income from an entity external to the unit in the form of a grant (NPS or otherwise), donation, or partnership. External funding, however, is not entirely costless to the agency. These funding approaches generally require an input of agency resources (largely skilled personnel) to obtain the additional funds. The NPS and other governmental granting programs often use performance data in determining the distribution of these funds. Additionally, partnering with other organizations to aid in service delivery often comes at the cost of compromise between agency objectives and partner objectives. All of these things can have considerable impacts on the priorities and operations of agency units.

Internal funding options include any income generation through internal operation change at the unit level. Internal funding options include things such as increasing user fees, establishing permitting fees, increasing sales revenues, and increasing expenditure offsets by eliminating programs or replacing paid personnel with volunteer workforces. These choices may also require an input of financial and human resources, and thus reduce what services the park can provide. Though some increases in fees or decreases in personnel may contribute to financial health without great impact on service quality, too much of either does reduce service quality. Additionally, in some cases these internal adjustments may help overall performance scores, financial efficiency measures for instance; in other cases they may be detrimental, such as in strategic performance. In summary, managers choosing both internal and external approaches to supplementing funding face a series of tradeoffs between financial needs and other priorities. Questions 8 and 9 assess the frequency with which managers express plans to utilize both approaches to supplement funding and the effect of current performance on these choices.

Question 8 asks if managers plan to obtain external funding through the competitive grant system or some alternative means. The shifting of large portions of the NPS's funds to the grant-based allocation system dictates that units will not be well served without productive engagement in this activity. Additionally, there is an emphasis on the use of external funding mechanisms at the executive level of the agency. This emphasis dictates that managers will see using this system as beneficial to how their overall budget request is regarded. Therefore, I hypothesize that managers of units who are struggling with performance will seek not only to gain outside funding and competitive grants in order to supplement their income, but also to exhibit these intentions to budget decision makers.

H8: Where performance is lower, managers will utilize plans to gain outside funding and competitive grants in order to supplement their incomes as a justification strategy.

Table 6.9 is a test of H8. There appears to be little or no relationship between a park unit's scorecard performance and manager plans for external funding. A large majority of park managers, regardless of their park's performance, indicate plans to seek external funding. This suggests the establishment of a norm for park managers--you must indicate that you are seeking external funding for your park.

Table 6.9: Relationship between Park Unit Scorecard Performance and Plans for External Funding in Content of Manager Narratives, FY 2008 through 2011 *Question (8)**

Plans for External Funding	Scorecard Performance, 2008-2011		
	Below Average	Average	Above Average
Yes	80% (n=20)	78% (n=47)	87% (n=26)
No	20% (n=5)	22% (n=14)	13% (n=4)
Total	100% (n=25)	100% (n=61)	100% (n=30)
Chi-square= 1.562 Sig= .458 Gamma= -.142 ; tau c= -.055 Sig= .449			
* *Question 8. Did the narrative describe plans for future attainment of external funding?*			

Question 9 looks at the use of internal funding options to supplement budgets. All park managers are experiencing a competitive budget environment. It's likely, however, that park managers of parks with lower current performance will seek to both increase their budgets through operational changes and to exhibit these changes to budget decision makers. A park manager who expresses his or her intentions, given limited budget, to further increase the efficiency of park operations should be viewed favorably by higher level agency officials. Thus, the managers of below average performing units will argue that increased funding is justified because of internal operational changes.

H9: Where performance is lower, managers will seek to increase internal funding in order to supplement their incomes.

Table 6.10 shows, contrary to H9, that managers of lower performing parks are not more likely to express a plan to increase internal funding sources than are the managers of better performing parks. Plainly, a large majority of managers of park units (76-79%) across performance ratings express plans to seek additional funding through internal sources. Again, there appears to be a norm among park managers that they must show that they are trying to do this.

Table 6.10: Relationship between Park Unit Scorecard Performance and Plans to Increase Internal Funding in Content of Manager Narratives, FY 2008 through 2011

Question (9)*

Plans to Increase Internal Funding	Scorecard Performance, 2008-2011		
	Below Average	Average	Above Average
Yes	76% (n=19)	79% (n=48)	77% (n=23)
No	24% (n=6)	21% (n=13)	23 % (n=7)
Total	100% (n=25)	100% (n=61)	100% (n=3)
Chi-square= 1.716 Sig= .424 Gamma= .114 ; tau c= .045 Sig= .594			
* *Question 9. Did the narrative indicate a desire to increase unit funding through internal means?*			

The findings of these analyses appear to show a widespread understanding among park managers that they must show a strong interest in seeking both outside and inside sources of revenue. It is necessary that both approaches be pursued.

An attractive strategy for park managers seeking budget increases for their parks is to link their requests to popular policy initiatives. Questions 10 and 11 assess the use of this financial strategy by NPS units seeking to increase their funding. This strategy is similar to the external funding approach and includes linking park operations and programs to funded policy initiatives. Much of the money discussed above as external income comes linked to particular policy initiatives for which specific funds are reserved. Although most of this money is allocated through the competitive granting system, other portions have been distributed via base allocations. The money distributed via base allocations may be acquired by units through their annual budget requests. In this case discussing initiative based efforts in narratives may be used as a strategy for increasing annual allotments. Question 10 in the content survey assess the use of initiatives in justification narratives as a funding strategy and evaluates the use of initiatives across current performance levels. I expect that park managers will highlight initiatives that emphasize agency priorities. This tendency should be most common among park managers in below average performing parks where there's not much positive to talk about and where it's more difficult to compete for external funding.

H10: Where performance is lower, managers will seek to link their narratives to popular policy initiative in order to obtain additional funding.

Table 6.11 tests this hypothesis, but there is no support for it. What the table does show clearly, however, is that a large majority of park manager, regardless of their park's performance (76% to 79%), link their narratives to policy initiatives. It is apparent that park managers are paying careful attention to what higher level agency officials are saying about NPS priorities.

Table 6.11: Relationship between Park Unit Scorecard Performance and Linking of Operations to Initiatives in Content of Manager Narratives, FY 2008 through 2011 *Question (10)**

Linking of Operations to Initiatives	Scorecard Performance, 2008-2011		
	Below Average	Average	Above Average
Yes	76% (n=19)	79% (n=48)	77% (n=23)
No	24% (n=6)	21% (n=13)	23%(n=7)
Total	100% (n=25)	100% (n=61)	100% (n=30)
Chi-square= .093 Sig= .954 Gamma= -.006; tau c=-.003 Sig= .954			
** Question 10. Did the narrative make an effort to specifically link the park operations and spending needs to initiatives?*			

Question 11 further assesses the impact of initiative and grant based funding in the reformed NPS budget system by focusing in on an area for which there was a large amount of initiative money available during the study years; maintenance and infrastructure repair. Addressing a backlog of large-scale facility and resource repairs became an agency priority in 2008 after extensive damage at several national monuments led to peak season closures that caught media attention. This priority was further supported by large dispersals of ARRA funds in 2009 and 2010 directed toward resolving maintenance and structural issues service-wide.

Arguably, an effective strategy for securing budget increases is for park managers to justify their budget requests by pointing out their park's infrastructure needs. Again, the managers of lower performing parks would likely use this strategy more frequently than the managers of higher performing parks. A reason would be their lesser ability to compete for other funding options.

This question, like several others, was assessed using a third code in addition to the standard yes or no options. The third “mixed” variable was included to account for the large portion of narratives that expressed infrastructure and maintenance concerns in their narratives but did not necessarily make distinct cases for additional funding based on these infrastructure needs. I coded these cases using the mixed designation. It's clear, however, that infrastructure needs were included as part of their justifications, although detail was lacking on what these needs involved. I set out the following hypothesis:

H11: Where performance is lower, managers will seek to link their narratives to infrastructure projects and maintenance needs in order to obtain additional funding.

Table 6.12 tests this hypothesis. There is no support for the hypothesis that the managers of below average performing parks discussed infrastructure and maintenance needs in a manner different from the park managers of higher performing parks. The large majority of managers (67% - 78%) did discuss these needs as justification for budget increases. Only from 12% to 18% of park managers, however, discussed these needs by reference to their park's mission. Perhaps park managers understand that infrastructure and maintenance needs often lack visibility, tend to be chronic, and that making them a spending priority has trade off in terms of the park's performance.

Table 6.12: Relationship between Park Unit Scorecard Performance and Need for Support to Maintain Infrastructure in Content of Manager Narratives, FY 2008 through 2011

Question (11)*

Need for Support to Maintain Infrastructure	Scorecard Performance, 2008-2011		
	Below Average	Average	Above Average
Yes	12%(n=3)	18% (n=11)	13% (n=4)
Mixed	72% (n=18)	67% (n=41)	77% (n=23)
No	16% (n=4)	15% (n=9)	10 % (n=3)
Total	100% (n=25)	100% (n=61)	22 (100%) (n=30)
Chi-square= 1.244 Sig= .871 Gamma= -.088 ; tau c=-.036 Sig= .583			
** Question 11. Did the narrative convey the need for additional support in order to maintain critical infrastructure and make repairs?*			

The small proportion of managers discussing infrastructure and maintenance needs from a mission oriented perspective, as opposed to other policy initiatives, may be a product of timing. The availability of infrastructure funds was only at abnormally high levels during the latter half of the study period. Further, the approach to distributing these funds was mixed with some portions coming through base allocations and others through competitive grants. Additionally, the total amount and available uses of the funds was unclear to many inside the agency until after the funds had begun to be dispersed from the Treasury Department late in the fiscal year of 2009.

Surprisingly, there were small percentages of managers (10-16%) who did not discuss maintenance or infrastructure needs at all. It is likely that there units have done well on maintenance based performance indicators and see little to be gained from asking for additional infrastructure funds. Alternately these units could have been recipients of special funds for infrastructure projects in recent years and therefore know that they will not likely be considered for additional infrastructure funds for some time.

It appears from the analysis above that park managers are responding to their changing budgetary environment by seeking alternative sources of financing and by letting those making budgetary decisions know that they are doing so. The narratives show that the vast majority of park managers, across performance categories, see the need to supplement their base incomes through both internal and external means. Additionally, they see linking their operational activities to initiatives as beneficial to their budget outcomes. Park managers appear to be adapting to a competitive situation. Their performance is being compared to that of other parks, and they may believe that the size of their budget may come to depend on how well they are doing.

In theory, the purpose of performance budgeting in the NPS is to improve the capability of parks to fulfill their missions. Performance measurement identifies areas of strength and weakness. Managers can use these performance measures to track how well their parks are doing and target resources to areas that better contribute to their park's mission. In the NPS, the performance of parks is compared to other, similar parks, creating competition among the park units for budget. An underlying assumption of performance budgeting is that park managers understand that improvements in performance, relative to other parks, is necessary if their park is to fare well in the budgetary process. With respect to performance budgeting, however, does theory really hold? The introduction of a performance measurement system is a challenge. Linking it to performance budgeting is an even greater challenge. Thus, as much of the discussion above has implied, things don't always work out as expected. The following section discusses some of these concerns.

Final Justification Considerations

I kept notes of frequent or interesting commentary from the justification narratives for the purpose of highlighting manager concerns. These notes portrayed a number of manager concerns. A very common concern was the ever-despised unfunded mandate. Several unit managers mentioned a difficulty in meeting new unfunded legislative mandates such as the control of invasive species.

Mandates, such as this one may directly affect performance measures on the scorecard. It is appropriate that those parks having trouble meeting these mandates would ask for additional budgetary support to deal with them. The mandate to manage invasive species stands as a good example of the Congress throwing a problem at the parks without giving a lot of thought to how the parks are supposed to deal with it. Invasive species is an old problem, but dealing with it has only recently become a high NPS policy priority and not all parks are equally prepared to deal with it. The problem of invasive species occurs both in parks that have a conservation focus and those that do not. The latter may be very ill equipped to deal with the issue. However, the management of invasive species was added as a strategic performance indicator in the NPS scorecard in 2008. This leaves poorly equipped parks with a performance issue that requires a large expenditure of park resources, but no additional funds for that purpose. Indeed, in some parks, the scope of the invasive species problem is far beyond what the park is capable of dealing with despite their best efforts, and their performance is diminished because of it.

Other problems cited by park managers as adversely affecting performance and resources is the rise in drug use and crime. Once again, park managers get no additional money to deal with these problems. Some parks, due to economic and population growth, are now in newly urbanized environments that were once quite rural. As the problems of urban areas spill over into parks there are additional service demands and new costs. For instance, many parks that either had no law enforcement personnel or very few now find themselves trying to manage crime problems in the forms of vandalism, theft, and drug use. Law enforcement personnel are expensive. When parks hire more, it has great impact on already thin budgets. Further, parks bear the direct costs of theft and vandalism of park property.

Changes to the social environment surrounding parks also create new demands for service and alter priorities within the units. An example of this is the increasing proportion of visitors to some parks that are youths from metropolitan areas where crime and drug use are commonplace (Call to Action, 2016). In keeping with the NPS mission to connect people to their parks, educate and ensure stewardship in future generations, many parks expressed a need for more programs that specifically serve at-risk youths. This new challenge became the focal point of some programs under the Centennial Initiative that went into effect in 2011. With this initiative came several funding vehicles to improve services to these youth. However, unlike invasive species management, providing services to at risk youth or preventing crime has not been added as a measurable performance indicator. Thus, parks confront a growing crime problem and must redirect resources to combat it, but when they do so they get no credit for dealing with the problem under performance measurement.

These examples are but a few of the unique burdens individual parks are facing as a result of both changing legislative demands on the agency and a changing natural and human environment. These additional demands on parks alter the priorities of park managers, result in the redirection of resources, and further complicate the relationship between managerial priorities, performance outcomes and budgets. As the demands on the agency grow and diversify, the system of performance measurement and budget allocation must keep pace. Otherwise parks will continue to face difficult decisions and tradeoffs between fulfilling mission based objectives, providing good public service, and meeting performance expectations.

Summary

Does performance measurement affect management behavior? If so, do changes in management behavior lead to greater unit efficiency, effectiveness, and quality of service? In determining the success of performance-based budgeting reforms in the NPS, it's necessary to determine the degree to which these reforms have resulted in park managers making operational decisions because of the reforms. Did these decisions lead to the intended goals of the reforms? Further, did the decisions lead the agency to better service provision and mission fulfillment?

The content analysis of budget justification narratives provides some answers. The narratives show that the introduction of performance based budgeting has led to a variety of changes in park manager behavior. These changes are due to the performance based reforms as well as the reform based administrative changes previously discussed in chapter 4. The most distinct change is the adherence by park managers to the budget priorities of higher level decision makers. Park managers have changed operations and spending in order to meet performance objectives. Additionally, the need to adhere to external funding priorities such as special initiatives poses a significant influence on park manager decisions.

Diversifying revenue sources and cutting costs are both necessary for efficiency and favorable for the longevity of the agency. However, as with reprioritization of operations, these are choices that should be made carefully and with full consideration of implications for the quality of service delivery and long term efficiency. As core operations exhibited, drastic staff and program cutting can lead to long term costs in backlogged workloads and deteriorating constituency support. These concerns are particularly relevant where internal revenue increasing options are pursued.

It is expected that managers will change operations and spending patterns in whatever ways they see as best for achieving their performance goals. This is a necessary course of action wherever performance is linked to future funding and organizational survival. There are questions that remain, however: Do changes in management behavior impact the quality of agency operations and service? Have performance budgets and evaluation tools helped the agency to operate in the most efficient and effective way possible? What are the effects of these tools on service provision?

Thompson and Riccucci emphasize the particular importance of the bureaucrat in successful policy implementation (1998). Along with this emphasis is the concern for bureaucrats and their ability to translate reforms into effective management, and therefore effective public service. If the effectiveness of the GPRA/PART scorecard, as a managerial guide toward operational effectiveness and efficiency, were to be determined based on the analysis of the narratives discussed here it would seem that there was still a great deal of work to be done. Though the evaluation tool and the reform system it is embedded in exhibits a strong ability to influence managerial decisions, priorities, spending and funding choices, it also reveals the many concerns of NPS managers. Long term assessment of the relationship between performance scores and operational realities ought to be pursued as the system continues to be implemented and refined. An in-depth managerial survey would be helpful in assessing the implications of performance based reform on agency operations and priorities at a higher level.

Content analysis of justification narratives should not be discounted as an effective tool for assessing managerial perspectives on budgeting policy and procedures. Though content analysis yielded measures that were reliable, there was not great variability in justifications with many park managers "covering all bases" with their narratives All unit managers have a story to tell about their parks. They are not entirely free, however, to tell the story that they would like to tell. They must tell a story that is based upon a performance measurement system and that will both interest and please higher level NPS officials who will be determining their budget. If there's uncertainty, there may be gain to be had from covering all bases. The refinement of survey questions to better account for these tendencies in the narratives would be helpful. Also, a larger sample size would be desirable to overcome the difficulty with small samples of distinguishing weak relationships from sampling error.

CHAPTER 7 - CONCLUSIONS: REINVENTION OF PROCESS AND REINVENTION OF POLITICS

In this case study of GPRA reforms and PBB implementation in the NPS I've made a few discoveries and also found additional evidence to support other scholars' findings regarding performance measurement and budgeting. These discoveries, along with the evidence that supports other scholars' findings, lead me to several conclusions and recommendations. In the literature, as discussed in chapter 3, scholars have identified three problems with reforms that were the causes of failure in previous reform efforts. These three problems may eventually lead to the downfall of GPRA based reforms as well. These problems are: the political principals fail to support or become engaged in reform efforts; no steps are taken to eliminate excessive bureaucratic regulation and overhead control; there is no effective incentive structure in place or in use to support implementation (Anderson, 2000; Bruel, 2007; Kettl, 1998; Swiss, 2005; Thompson & Riccucci, 1998). It is apparent from this case study that GPRA reforms have made some headway in dealing with these problems. However, none of them have been fully solved. The failure to solve these problems is arguably what hinders the effectiveness of the GPRA reforms.

Support and Engagement from Political Principals

The analysis of reform implementation in the NPS showed an agency highly dedicated to the tenets of reform. The agency fully implemented and integrated the reform-based management systems and evaluation processes that the GPRA required of them. The budget justification narratives showed an agency highly engaged with executive leadership in setting agency priorities and developing OMB based data management systems. The level of commitment to reform efforts by top-political agency officials appears to be great. This commitment is exhibited by the high level of integration of strategic planning and performance measurement systems throughout all levels of agency operation. Thus, if there is a problem with the support and engagement of principals, it's not by officials at the agency level.

The level of engagement by other political principals, the President and the Congress, is not as clear from my study. My review of the history of the GPRA reform effort, however, yields some clues as to their level of engagement. The level of Presidential engagement has been relatively high based on the continued executive branch efforts to add to and improve reforms through the GPRA Modernization Act of 2010, and the addition of other reform based initiatives such as the Pathways program that have helped agencies bureaucracy-wide.to meet the demands of GPRA. In the context of the NPS, Presidential support for agency initiatives, including the provision of grant based funds for agency programs aimed at increasing mission based performance such as the GLRI and the Centennial Initiative, are indicative of a high level of engagement.

The evidence pertaining to the level of congressional support is less direct. The 2006 report from the GAO showed a general lack of engagement in agency (NPS specific and general) reform efforts by the Congress; it is unknown whether this has improved. However, the large losses that the NPS suffered in its agency budget in recent years, and the harsh treatment agency leadership endured in Congressional oversight proceedings, despite the agency's strong implementation and follow through with reform efforts, is strong indication that performance based reforms --despite members of Congress giving a nod to their importance -- are not really a high priority. The lack of Congressional use of performance data is a very serious problem because Congress, as the final decider of budgetary and legislative choices, has the final say on whether or not agencies will be rewarded or punished for their productivity. Some additional thoughts on Congressional use of performance data in making such choices, particularly pertaining to the NPS, are discussed later in this chapter.

Elimination of Excessive Bureaucratic Regulation

The support of political principals is also important to eliminate excessive overhead control and bureaucratic regulation. A number of laws do reduce the regulatory burden on agencies including the Federal Acquisition Streamlining Act 1994, The Clinger-Cohen Act of 1996, and the Information Management and Reform Act of 1996 (Breul, 2007). This case study shows, however, that the GPRA creates a number of new administrative burdens on the NPS. The assessment of GPRA implementation showed in great detail the vast number of new management systems, planning and reporting requirements, and evaluation based processes that agencies like the NPS have had to adopt in order to need reform requirements. Further, the content analysis of sub-agency budget narratives showed that agency managers have directed a great deal of agency attention and resources to implementing reforms and striving to meet performance goals. One could argue that this highly intricate and resource dependent system of performance management and measurement is just another form of bureaucratic regulation that still offers agencies little freedom in making operational decisions (Denhardt & Denhardt, 2000). This is particularly true if political principals continue to adopt reforms as a way of controlling both agency managers, and how they do their work and make their decisions. It's as if political principals, perhaps because of their distrust of agency managers, and perhaps because of the burdens of conducting oversight, think that it's best to control agency managers by limiting their discretion through a system of performance management. If that's the case, performance management is adopted for the purpose of political control, not for the purpose of incentivizing increased performance.

Effective Incentive Structure

My study provides substantial insight into the use of PBB as an incentive structure. I failed to find that GPRA performance measures, at the agency level, are decision criteria for rewarding or punishing sub-agencies through budget allotments. With respect to the NPS, this is a glaring failure of reform efforts. The lack of correlation between sub-agency performance and budget allocations clearly indicates that performance data is playing a marginal role, if any, in budgetary decisions. If this is the case in the NPS, an agency with such a strong reform implementation record, it is likely the case in other agencies as well.

The degree to which this is a product of agency management decisions or of Congressional influence over the agency's budget is unclear. Because each sub-agency receives allocations of various amounts from each of the agency's line-items in the federal budget, it is difficult to determine how much allocation decisions for each sub-agency are constrained by line-item appropriations decisions. Tracing line-item appropriations through to park allocations might yield this information and would help to better understand micro-budgeting. Despite the lack of these data, the NPS's inclusion of park budget amounts and select park justifications in its annual budget request suggests that Congress has some interest in the division of the agency's appropriations across these parks. The NPS has park units in many congressional districts, and these provide distinct locational benefits. Plainly, members of Congress want to see the budgets of the parks treated favorably.

Another possibility is the difficulties and confusion experienced by managers who try to implement PBB in a budgeting environment that changes unpredictably and is driven mostly by politics. In this respect, the failure of the NPS to apply PBB is a product of the complexity, time constraints, and politics built into the budgeting process. The unpredictability of Congressional appropriations from one year to the next, the pattern of late-date appropriations decisions, and the reliance on continuing resolutions create a situation in which agencies have limited ability to make adjustments to their annual budgets. These limiting factors could lock agencies into a pattern of incremental decision making in which the ability to comprehensively assess and redistribute funds in a more strategic way is simply too difficult.

Whatever the reason for the lack of PBB in the NPS, it is clear that the agency has committed itself to creating the necessary organizational foundations for supporting such a system. Performance data is being routinely collected, processed and disseminated by the agency and the systems are in place to readily link performance and budget data. What's more interesting is the high level of emphasis put on this data, and the consistent insistence by agency leadership that it will be used in informing budgeting decisions (NPS, 2009). All of the agency documents analyzed in this work, whether or not they reflect what's actually happening, have pointed clearly toward the view that performance will be the key criterion of future budget decisions. The *Greenbooks*, budget briefs, and the scorecard user's manual (NPS,2009b) state unambiguously that performance outcomes will have direct budget implications moving forward. The intention, based on these documents, is clearly to motivate performance improvement and to align park operations with NPS goals by holding managers accountable. Further, as discussed above, the content analysis of budget narratives for parks showed that this message has been internalized by park managers who in their narratives nearly all focused heavily on performance management concerns. The NPS appears to be doing its best to implement PBB, but it's not showing up in park budgets. Is this failure a product of Congressional interference in the NPS's budgeting decisions? If not, then what is happening?

A Willful Failure? An alternative hypothesis is that the NPS is purposefully choosing not to utilize PBB. There may be a number of reasons for this. As previous studies have suggested there a few inherent problems with this system and these problems became apparent in the analysis of the use of PBB in the NPS. My study found that there's a conundrum for park managers in PBB. They are fully aware of the reality of the situation-- it's budgets that determine performance, not the other way around. Without additional funds, a park manager knows that she cannot increase her scores by very much; but under PBB, without improved performance scores, she cannot increase her budget. Perhaps this conundrum has been recognized by agency leaders and has kept them from applying budgetary penalties to parks that are underperforming. If this were the case, then the choice of the NPS to follow through with PBB could be viewed as a success rather than a failure. It has been said by several critics of PBB, including the GAO (2002) and Donald Kettl (1998), that performance measurement is really about assessing agency activities, identifying areas of concern, and formulating questions about what should be done to improve agency outcomes. To these critics PBB should be used to make better budgeting decisions, and although performance should influence budget outcomes, it should not be the only or perhaps even the most important criterion.

The NPS may have adopted such a philosophy in its utilization of PBB. However, even if this were the case, there is still a failure of effective management. This is because under the scorecard system the park manager is encouraged to believe that she is working in a system that rewards excellent performance with higher budgets. Though this scenario may not have materialized, the NPS's early years of performance-based reforms are still troubling because park managers behave as if excellent performance is rewarded. From the field of psychology, it is known that behavior that is not rewarded tends to occur less frequently and is even extinguished (Berman, 2006). Over time, park managers are likely to learn that all of their efforts to comply with the performance based reforms and improve the performance of their park units based on those reforms are not rewarded. It would seem very likely that their efforts would turn to grant based monies where there is a better chance of being rewarded. It's also important to note that park managers are those who are best positioned to evaluate the validity of the performance measures for their own parks and reach a judgment about whether or not such measures make much sense. Park managers are in the awkward position of being compelled to use performance measures that they know are flawed. Over the years, as pointed out above, there have been a number of issues with the evaluation instrument and its use.

The analysis of park performance as measured by the scorecard showed that there were some discrepancies in the design of scorecards from one year to the next, an indication of design problems with the instrument. Further, the analysis of park budget narratives showed that there were some mission based challenges being faced by the parks that were not represented on the scorecards. As previous research has warned, the use faulty measures/ measurements can lead to real problems for effective management (Poister, 2003; Weiss 1972). Even if the scorecards are not being utilized in budget decisions, the belief by park managers that they are or will be used will lead them to focus on improving their measures on the scorecards. If the measures within the scorecards are faulty, or do not accurately represent mission-based outcome achievement, goal displacement can occur. Goal displacement occurs when the design of reforms creates incentives that encourage managers to do things that don't promote the mission of their organizations (Berman, 2006). This can result in a failure to produce mission based outcomes and create unintended consequences, both of which will quite likely be detrimental to the agency and the people it serves. The most serious detrimental outcomes, for the NPS, are failures to deliver quality services to the public. Although this system of performance measurement may increase the accountability of park managers to agency administrators, their accountability to the public will decline. This is a serious threat to the ability of reforms to achieve their objective of creating a government that "works better" or even one that "costs less". If agencies are directing their resources toward activities that do not produce better service, then efficiency declines. What is the value of a system of reforms that creates neither increased efficiency nor effectiveness, and adds substantial burdens for agency administrators? This question deserves critical consideration in the context of GPRA and other performance-based reforms under the New Public Management and reinvention.

The Bottom Line

The well regarded scholar of public administration Peter Drucker is cited as saying that reinventing government would "remain a political hot button for many years to come," but he had little confidence that American policy makers "would summon the courage to make truly fundamental decisions and ask the truly fundamental questions: What is the mission? Is it the right one? Is it worth doing?" (Kettle 1998: 11). In quoting Drucker, Donald Kettl was pointing to the underlying problem that he foresaw with GPRA and Reinvention, and that plagued all the reforms that came before it. My study finds this problem once again. The problem is that the GPRA system is only a partial "reform." The truth of the matter, according to Kettl (1998:29) is that: "It is a continuation of a top-down model concerned more with the traditional bureaucratic control mechanisms of conformity to rules and regulations rather than actual outcome based performance." It is a system that is unwilling to relinquish political control of the bureaucracy in order to allow agency managers to use their understanding of the programs that they run and their training to make fundamental changes to way that they deliver services. It is a system that uses analysis not as a tool to identify problems and assess the relationship between agency operations and intended outcomes, but rather to control agency behavior. It is system that focuses a great deal of resources toward counting, but very little on actually creating accountability.

If there's a story to tell from this study it's not one that the proponents of performance budgeting necessarily want to hear. It is a story about the need to adopt a much more progressive approach to performance management. The fallback of GPRA reforms to control based incentive structures under PBB are not effective for creating the kind of change envisioned in the reinvention model. If we want change that brings about a more energetic, responsive, efficient, and effective bureaucracy then we must listen to what the bureaucracy is telling us. The NPS data clearly says that stronger overhead control changes the amount of effort agencies put into meeting the demands of the reform effort, and little else. The "agency problem" is no doubt serious in some public agencies, but greater monitoring and negative incentive do not appear to be the solution to this problem. Public managers if they are like those in the NPS, think that their job is to promote the mission of their agency; they carry with them a broader sense of the public interest in doing so. They do not need coercive incentives, such the threat of budget losses, to make them do their jobs. They approach their work with pride and dedication and they expect those with greater authority than they will give them some discretion and trust them to get the job done. They do not view themselves as shirkers who need continuous monitoring from political principals, and painstakingly measuring and recording their performance on a selection of indicators does little to assure them that these principals hold them in high confidence. This lack of confidence breeds resentment and is de-motivating, which may be the real issue at the heart of the “agency problem”.

Along with relinquishing control based incentive approaches, reforms will not be effective until a more inclusive approach to evaluation, a fourth generation approach, is adopted. With respect to the NPS, park managers know far more about the operation and budgets of their parks than do either the President or members of Congress. They are far more knowledgeable than these political principals about the services that park visitors and other stakeholders want and the means to deliver those most efficiently. Allowing agency managers and front-line personnel to actively participate in the construction, execution, and use of evaluations would not only produce more useful data but it would also create positive incentive for agencies to engage in the evaluation process. Active support and engagement in the evaluation process at all levels of the organization is much more likely to result in the identification and elimination of inefficiencies. Carefully considered evaluation is needed to identify effective programs and best practices that can truly increase agency productivity and effectiveness. Cutting budgets or threatening to do so, does not help this process along. The data presented here shows that in the NPS, reduced budgets had negative impacts on performance. Most public managers, if political principals give them adequate budget and discretion, will go about pursuing the public interest. In general, that's what political principals can trust public managers to do.

The reinvention movement began with an idea that instilling some of the chestnuts of private sector management into public organizations would help them to be more efficient and effective in the fulfillment of their mission. This included some very positive ideas such as providing agency managers with a greater ability to make changes to their organization by releasing them from overburdening administrative regulations. Reducing restrictions on resource procurement, hiring, and contracting have empowered frontline managers greatly increasing their ability to streamline their operations and make them more effective. Performance measurement, and performance budgeting, turns things upside-down; reducing managers' ability to manage from the bottom-up. It will identify a few bad apples among park managers and parks, to be sure, but at what cost?

APPENDIX A

Park Management Reform Questionnaire

1. *Was the narrative generally future or past oriented when justifying allotments?*
2. *Did the narrative indicate that programmatic performance goals were met?*
3. *Did the narrative indicate that agency operations were changed in an effort to meet performance goals?*
4. *Did the narrative indicate that spending patterns were adjusted toward the achievement of performance goals?*
5. *Did the justification include an explanation for unachieved goals?*
6. *Were unachieved goals presented as within the unit's ability to achieve?*
7. *Did the narrative convey the need for additional support in the form of resources in order to meet goals?*
8. *Did the narrative describe plans for future attainment of external funding?*
9. *Did the narrative indicate a desire to increase unit funding through internal means?*
10. *Did the narrative make an effort to specifically link the park operations and spending needs to initiatives?*
11. *Did the narrative convey the need for additional support in order to maintain critical infrastructure and make repairs?*

APPENDIX B

Date: July 26, 2013

National Park Service Budget Scorecard
Measure Value Report - Grouped Parks

FY: 2007
Page: 1 of 102

AMISTAD NRA
Org Code: 7100
Intermountain

AMISTAD NRA is the only member of this Park Group.

Measure	Measure Description	Current Year's Measure Value 2007	Previous Year's Measure Value 2006	Regional Average 2007	NPS Average 2007
Measure Category:	*Efficiency*				
Measure Subcategory:	Financial				
UF03	Base Labor $ as % of Gross Base Obligations	69.05%	*	75.66%	76.06%
UF06	Fleet Count per FTE	.95	*	.72	.52
UF08	Overhead $ as % of Total Gross Obligations	41.73%	*	27.92%	28.45%
UF09	Gross Base Obligations as % of Total Gross Obligations	87.79%	*	64.63%	67.32%
UF11	% Change in Base Fixed Costs (5 Yrs)	3.66%	*	4.1%	3.75%
UF13	4th Quarter Base Obligations as % of Gross Base Obligations (Non-Labor)	59.98%	*	51.18%	46.54%
Measure Subcategory:	Organizational				
UO07	% Change in Non-Base Funded FTP (5 yrs)	-58.1%	*	-.05%	-3.28%
UO09	Ratio of Volunteers to Total Park FTE	.69	*	.14	.16
UO11	FTP as % of Total FTE	91.15%	*	72.13%	74.86%
UO14	Span of Control	3.13	*	5.56	5.92
Measure Category:	*Strategic Performance*				
Measure Subcategory:	Strategic Performance				

* Park Unit has insufficient data to calculate this value

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ABSTRACT

A STUDY OF PERFORMANCE BASED BUDGETING REFORMS IN THE NATIONAL PARK SERVICE AND THEIR EFFECTS ON AGENCY MANAGEMENT AND OPERATIONS

by

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This is a case study of performance-based and budgeting reforms in National Park Service (NPS). The study examines the effects of reform initiatives on the agency's administration, budgeting, and management. Previous research suggests that current reform initiatives are more effective than those of the past. Further research on reforms suggests reform impacts, while small or non-existent at the agency level may be significant at the sub-agency level. The main reform studied here is performance based budgeting (PBB), under the Government Performance and Results Act (GPRA). Its purpose is to improve policy implementation at the "street level." If working as intended, as sub-agency units show success, they should attract additional budget. Although it is difficult to generalize from a case study, it's an appropriate design for this research because of the NPS is an important case for testing the theory relevant to performance management, at both agency and sub-agency The study finds that performance management has had dramatic effects on agency operations, but don't directly affect budgets. Additionally the study suggests that adjustment to performance management has had negative impacts on NPS managers' capabilities due to uncertainty about the use of performance tools.

AUTOBIOGRAPHICAL STATEMENT

Nichole Fifer is a native of Northwest Ohio. She conducted undergraduate studies at Prescott College in Prescott Arizona and Bowling Green State University in Bowling Green Ohio. She graduated from Bowling Green State in 2005 with a B.A. in Environmental Policy and Analysis. She continued her education at Bowling Green State University earning as Master of Public Administration (MPA) degree, with a specialization in Environmental Management in 2007. She began her doctoral studies at Wayne State University in 2007, and earned her ABD in 2011. Nichole is a member of the Wayne State chapter of Pi Alpha Alpha Global Honor Society for Public Affairs and Administration.

While completing her doctoral studies Nichole also served as a Political Affairs and Public Relations Officer, and Special Programs Manager for the U.S. National Park Service (NPS). Nichole left the NPS in 2014 to take a full time academic position. During here time at the NPS Nichole was a two time recipient of the STAR award, and a recipient of the Outstanding Service Award, The Regional Partnership Award for the Midwest Region, and the National Partnership Award.

Nichole has taught in the Political Science Department, and MPA program at Bowling Green State University as an instructor, and in the MPPA program at Northwestern University in Chicago. Nichole is currently an Assistant Professor of Political Science at Washington and Jefferson College in Washington, Pennsylvania.