THE NEW ARCHITECTURE OF STATE GOVERNMENT ADMINISTRATION: KEY QUESTIONS AND PRELIMINARY ANSWERS

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ABSTRACT

This article examines the changing architecture of state government administration in recent decades. The administrative reform doctrine of the New Public Management called for increasing a focus on results and giving managers greater authority. State governments actively created performance information systems, but were less diligent in providing greater managerial authority, or in tying that authority to performance improvement. This constrained model may be giving way to a market model under which there is a potential for greater performance, but also for politicization, opportunism and crowding out of intrinsic motivations.

INTRODUCTION

How are we to understand the changing architecture of state government administrative reform? To do so, the article poses the following basic questions about what has changed, why it changed, the implications for management, and what the future will look like.

- What are the patterns of administrative reform among state governments?
    - *What explains the adoption of administrative reforms?*
- What are the implications of the constrained model of administrative reform?
    - *Can managers make use of the new model?*
    - *What factors foster the use of performance management reforms?*
    - *What are the potential negative impacts of the constrained model?*

- What is the future of administrative reform?
  - *Will the market model will lead to more gaming and opportunistic behavior?*
  - *Will the market model crowd out intrinsic incentives?*
  - *Will the market model foster partisan goals over management values?*
  - *Will the market model lead to better motivation and higher performance?*
  - *How might state governments reconsider authority?*

I draw on my own research and that of others to offer preliminary answers to the above questions. Where these answers fall short and are speculative, there is a pressing need for additional research. A primary goal of this article, therefore, is to consider the research agenda for state government scholars interested in administrative reform.

This article proposes that the pattern of administrative change in state government reflects a constrained model of reform. Aspects of New Public Management (NPM) doctrine that emphasized building performance information systems were adopted by state governments, while doctrinal recommendations for increasing managerial authority were largely overlooked. Performance information systems offered an attractive reform for elected officials who valued the symbolic benefits of reforming government, but who were reluctant to engage in a more contested fight to dismantle the traditional civil service. This left state managers with a constrained model of management, with new expectations in terms of performance but little additional authority to fulfill those expectations. Managers can make use of the constrained model, if they have sufficient resources and can find a way to tie performance information systems to their broader policy and management agenda.

It is possible that the constrained model of reform will remain in place for some time, but there are indications that state governments have found ways to weaken traditional employee protections without directly overturning civil service legislation. This suggests the displacement of the constrained model with a market model of administration. The market model is expected to lead to better performance and increased motivation, although some evidence suggests that it will not always do so. The market model also brings dangers, including gaming of performance measures, greater politicization of the public service, and the crowding out of intrinsic motivation. Some of these dangers might be averted if governments grant managerial authority to career employees when there is a demonstrable benefit, rather than granting large swathes of discretion to political appointees without a clear sense of how this authority will be used. The article concludes by considering some of the methodological challenges facing scholars of administrative reform.

What are the Patterns of Administrative Reform among State Governments?

Arguments about administrative reform have been characterized as a series of doctrinal claims (Hood and Jackson, 1991). Doctrines are a theoretical explanation of cause and effect, often presented as factual and widely applicable, and designed to prompt actions consistent with their preferred explanation. In recent decades, public management doctrines have argued that traditional bureaucratic structures were essentially broken, and should be replaced. The core elements of administrative reform doctrine, reflected in the NPM, have been considered in detail elsewhere (Gruening, 2001; Osborne & Gaebler, 1992; Schick, 2002). The NPM emphasizes the relative advantages of markets over government monopolies as the model for efficient service delivery.

The direction of state government reform in recent decades has very much reflected the market bias of NPM doctrine. States have frequently privatized or contracted out services that were traditionally directly provided by government (Brudney, Frenandez, Ryu & Wright, 2005). This article focuses primarily on those services that remain a part of the core public service, while recognizing and sometimes referring to third party government as an equally pressing subject of research interest.

For the core public sector, NPM doctrine has argued that traditional bureaucracies were overly controlling, fostering rule compliance rather than performance. Without the price mechanism of a market system, elected officials enjoyed poor control over bureaucrats. NPM doctrine argued for encouraging innovation by reducing controls on inputs, while holding bureaucrats more accountable via performance measures. Managerial authority and the existence of performance information therefore offer two benchmarks that we can look to when examining the implementation of reform at the state level. The different configurations of these two variables are illustrated in figure 2.1. This figure illustrates an interpretation of public management history as a gradual and logical transition from pre-bureaucratic spoils systems (box 1) to bureaucratic systems (box 2) to the NPM-inspired market model (box 3). Box 4 represents a constrained performance system, where managers have limited authority but are expected to produce results. Pre-bureaucratic systems are represented in box 1 of figure 2.1. In this configuration, the combination of high levels of managerial authority with lack of a focus on results creates the potential for public officials to usurp the power of public organizations for goals unrelated to effectiveness, such as maintaining political power, rewarding political supporters, friends and relatives, or personal enrichment. The spoils system in US government exemplified such characteristics. The spoils system led to the introduction of input controls that limited how public officials could use their human and financial resources. By limiting managerial authority, governments created traditional bureaucracies, as represented by box 2 of figure 1.

Figure 1
How Managerial Authority and Focus on Results Create Different Management Systems

	Low focus on results	High focus on results
High managerial authority	*Box 1. Pre-bureaucratic systems* Focus on goals other than performance or rule probity (political spoils, personal enrichment).	*Box 3: The Market Model* Managers have clear goals and authority to achieve goals. The goal is program effectiveness, higher technical efficiency and results-based accountability, but may also lead to opportunism, partisan values, crowding out of intrinsic motivation.
Low managerial authority	*Box 2: Bureaucratic systems* High focus on inputs and little incentive or authority to increase technical efficiency	*Box 4: Constrained performance system* Demand for results, but managers lack authority to engineer change, limiting performance improvement and results-based accountability

NPM doctrine argued that a shortcoming of the bureaucratic model is that managers had no reason to focus on effectiveness and also lacked the authority to improve service provision. Therefore, the next logical stage in the development of public management systems was to convert the bureaucracy into a quasi-market, by replacing controls over inputs or process with the type of managerial authority seen in the private sector, while developing performance indicators that could be used as a public sector substitute for the private sector "bottom line." This market model of management is represented by box 3 of figure 2.1. In such a system, incentives can be matched to authority. Employees are left to figure out how to juggle inputs and processes to achieve the outputs the system requires. The market model represents the full implementation of NPM doctrine, and assumes that financial incentives and performance measures are appropriate measures to control behavior. In such settings, spurred by competition and self-interest, employees are expected to deliver enhanced performance for the promise of financial reward.

NPM doctrine did indeed influence state governments, leading to new configuration of governmental systems. But rather than reflecting the market model called for by NPM doctrine, state governments shifted towards a constrained model characterized by a high focus on results, but limited managerial authority (box 4 in figure 2.1).

There are a variety of empirical sources to support evidence of the move toward this constrained model of reform. There is evidence of dramatic adoption of performance information systems in all states via statute or administrative reform (Moynihan, 2006). With very few exceptions, such systems were created in the 1990s and 2000s (Melkers and Willoughby, 2004). There was remarkable consistency in the design and state intent of these systems (Moynihan and Ingraham, 2003). Like the federal Government Performance and Results Act of 1993, these systems emphasized connecting strategic planning and performance measurement, and called for agency level reporting of data to the central budget office, usually as part of the budget process. Despite the similarity of the formal structure of such systems, their implementation varied a good deal. A content analysis of the range of information generated by performance information systems found a great deal of variation, with some states providing a wide range of high quality information, often with audit systems to verify this data, while other states produced very little data (Moynihan, 2006).

The widespread adoption of performance information systems was not accompanied by vast delegations of authority to managers. With a number of notable exceptions (Georgia, Texas and Florida), most state governments chose to retain traditional civil service systems and traditional control on inputs. While Selden, Ingraham and Jacobson (2001) argued that significant decentralization was taking place in personnel matters, such decentralization was not as radical as called for by NPM doctrine, and did not place authority in the hands of managers. Such authority remained with central government personnel agencies, or increasingly, with agency level personnel offices. Even in areas where managers have significant autonomy, they were constrained by a broader framework established by personnel offices and civil service guidelines. Moynihan (2006) reports that state government managers enjoy high levels of autonomy in some areas, such as establishing performance expectations and administering performance appraisals. However, they are closely guided by centralized performance appraisal instruments and scoring systems, and have little control in determining compensation to reflect performance. Similarly, classification systems that detail the duties and status of employees are largely centralized at the state level, beyond the control of individual managers. In terms of hiring, managers are usually involved in approval to fill a position, interviewing candidates, recommending appointments and making appointment decisions. However, a mixture of the agency and statewide personnel agencies first establish the screening, ranking and selection of a candidate pool.

Managerial authority means more than personnel authority. NPM doctrine also argued for providing managers with greater control over financial inputs. Surveys of state government officials suggest little provision of such flexibility. Significant ex-ante controls continue to limit agency discretion in procurement, contracting, the ability to switch money between programs, and the ability to carryover unspent funds from one year to another (Moynihan 2006).

Other research provides support for the claim that state governments pursued a constrained model of administrative reforms. Senior state administrators surveyed by Brudney, Hebert and Wright (1999) reported that the most intensively adopted reforms of the 1990s were related to creating performance information systems, while the least intensively adopted reforms were the reduction of personnel and financial management controls. Burke, Cho, Brudney and Wright (this issue) provide further confirmation of this finding. Anders (2006) surveyed state government officials in 1996 and 2004, and found a strong and increasing belief that performance information systems had not been accompanied by grants of new discretion. Instead, managers complained that the new procedures to create performance data created a net increase in the rules that had to be followed.

What Explains the Adoption of Administrative Reforms?

A natural question that emerges is why did state governments arrive at a constrained model of administrative reform? Case research on performance management in three states – Alabama, Vermont and Virginia – offers some insights (Moynihan, 2005a). Each state had created performance information systems, and had ignored doctrinal arguments for reducing traditional managerial controls. The findings that emerged from the cases emphasized the role of central agencies in defining the reform, and the motivation of elected officials selecting the reform. Elected officials were guided by the costs and benefits of reforms, particularly symbolic benefits.

Central agency officials, especially those in the state management or budget office, were key figures in translating doctrinal ideas into specific policy proposals. These officials were broadly aware of doctrinal ideas from a variety of sources – popular publications such as Osborne and Gaebler's (1992) *Reinventing Government,* the recommendations of professional groups, and the reforms adopted by other states and the federal government. All of these sources suggested building performance information systems. State governments also faced coercive pressure to pursue performance measurement to maintain their bond ratings and as a condition of receipt of federal grants. In the minds of these officials, performance information systems became a norm that signified a professionally run government.

Central agency staff did not push for providing managers with greater authority, partly because this aspect of NPM doctrine was not emphasized strongly by professional organizations, and has not seen widespread adoption by a critical mass of US governments that could provide a safe exemplar for other states to follow. Arguing for greater managerial authority would also require central agencies to challenge their own norms and re-imagine their roles. While performance information represents a means centralized control, providing greater discretion to managers means eliminating many of the traditional controls on inputs that central agency officials have exerted throughout their professional life.

Elected officials who called for greater bureaucratic accountability and performance were therefore generally given a reform option that emphasized performance information systems. For elected officials, this was a relatively attractive proposal. Performance information systems offer a relatively low cost reform option, requiring little additional funds, and with the burden falling chiefly on the agency bureaucrats who collect and disseminate information. By contrast, eliminating traditional management controls over financial and human resources have real costs. These traditional controls on bureaucracy are still valued by state legislatures. While the introduction of performance information was sometimes billed as performance budgeting, appropriations committees continue to rely on input information to determine budgets and are wary of giving executive branch officials greater discretion. Civil service systems are also valued by public service unions, who worry about the potential loss of benefits to their members and of abuses of power. This means that efforts to change state civil service systems encounter political opposition. By contrast, performance information systems do not threaten any particular constituency.

Performance information systems also offer some benefits to elected officials. They provide an additional source of oversight and control over bureaucratic activity, although it is not clear that elected officials or even central agency staff frequently use such information (Melkers & Willoughby, 2004; Moynihan, 2006). The primary benefit of performance information systems for elected officials appears to be symbolic. March and Olsen (1983) noted that administrative reforms allow elected officials to express symbolic beliefs that appeal to the public – a shared frustration with bureaucracy, and an emphasis on efficiency and rationality. While the public may be uninterested in the specific performance information, the adoption of such performance management reforms offers symbolic reassurance that there is some effort to make government more accountable, effective and efficient. Elected officials hoped that reforms would help them to accrue benefits such as a positive public image in the media, improved reelection chances, and through those political advantages, a greater capacity to implement their policies.

WHAT ARE THE IMPLICATIONS OF THE CONSTRAINED MODEL OF ADMINISTRATIVE REFORM?

This section explores the implications of the restructured architecture of state government administration for practice.

Can Managers Make Use of the New Model?

One of the themes apparent from examining recent state administrative reforms is the tension between the formal reforms adopted and actual implementation. As noted previously, this is reflected in the fact that though states have adopted strikingly similar performance information requirements, the range and quality of the information produced varied a great deal. Another tension between adoption and implementation is how managers actually use this information. Formal requirements can force managers to collect and distribute performance information, but cannot require use. To understand if reforms are having an impact requires studying the role of performance data in decision-making, and the most realistic and compelling place to look is among agency managers (Joyce & Tompkins, 2002).

There are examples of managers making use of the new architecture of state government administration. For example, Franklin (2000) compares quite different agency-level implementation of similar performance management reforms in Arizona and Texas. Managers in Texas took a cynical view of the reforms as an exercise in control, while managers in Arizona were more likely to use the information. In Florida, Berry, Brower and Flowers (2000) reported considerable variation between agencies in terms of their use of performance management.

Studies of corrections managers in Vermont, Virginia and Alabama offered similar findings (Moynihan, 2005a). While managers in Alabama saw little benefit in the reforms, managers in Vermont and Virginia found ways to use information. Many of these uses were not classic performance management examples of direct efficiency improvement through reengineered processes, but reflected a desire to use performance management to improve the capacity of the organization. For example, managers in Virginia saw strategic planning and performance measurement training as a mechanism to train a new generation of agency managers, build a results-oriented culture and improve communication across different parts of the agency. In Vermont, managers used performance management to reexamine the basic assumptions of their organization, develop a new philosophy for corrections, and measure the efficacy of this new approach.

Clearly, therefore, even without new delegations of discretion, some agency managers were able to make use of performance information to make positive changes, although not in the revolutionary way promised by NPM doctrine. Across states, and even within states, the same reforms elicited different types of responses from agency managers. This suggests the importance of agency level variables in answering another critical question: *what factors foster the use of performance management reforms?*

Resources are clearly an important factor. While some have made the argument that limited resources will spur agencies to pursue performance management, the opposite appears to be true (Berry, 1994; Seong, 2004). Moynihan (2005a) found that lack of resources was the primary factor in limiting the ability of Alabama in implementing reforms. The availability of resources matters in two ways. First, reforms need resources if they are to be implemented properly. In Virginia and Vermont specialist staff were tasked with ensuring the implementation of the reform – collecting and reporting information, but also organizing training sessions, and finding ways to make use of information. In Alabama, by contrast, no additional staff were available to focus on performance management. The task was left to already overtaxed budget staff that did the minimum necessary to satisfy external reporting requirements, but no more. More broadly, resources affect the strategic stance of the agency. Alabama was in a constant reactive stance, doing its best to maintain overcrowded prisons with inadequate resources and under constant threat of judicial intervention. The only way that staff saw performance management as useful to them was in communicating their needs to the legislature. Once they saw that such needs would not be satisfied, they viewed performance management as pointless.

Leadership is another key factor in performance information use. Agency managers look to political leaders to determine if administrative reform is a genuine political priority or merely rhetoric. Agency leaders are even more important. Berry, Brower and Flowers (2000) emphasize the role of agency leadership in using performance management processes to identify agency mission and improve agency capacity, while managing the agency's external stakeholders. When agency leaders give prominence to performance management reforms, employees are more likely to use performance information in decisions (Moynihan and Ingraham, 2004). In the three states examined by Moynihan (2005a), the agenda of senior managers was a critical factor in determining whether agency staff devoted energy and resources towards implementing administrative reform. Agency leaders had an agenda they wish to pursue, informed and constrained by the organizational environment. They used performance management reforms when it allowed them to pursue this agenda.

Given the central importance of performance data to government reform, we need better and broader theories of information use that incorporate both organizational and individual factors. The literature on organizational learning offers one basis for such theories. Some of this literature emphasizes the importance of organizational learning mechanisms: "institutionalized structural and procedural arrangements that allow organizations to systematically collect, analyze, store, disseminate, and use information that is relevant to the effectiveness of the organization" (Lipshitz, Popper and Oz, 1996, p.293). While state governments have done well in building organizational learning mechanisms that collect, store and disseminate information, they have struggled to establish routines to analyze and use this information. Managers are expected to make use of information, but offered little provision or guidance for doing so.

One routine to facilitate information use is a learning forum, which is a routine where actors collectively examine information, consider its significance and decide how it will affect future action. State managers sometimes use such routines, perhaps as part of a strategic planning process, sometimes as part of a regular review of performance data (Moynihan 2005b). These routines tended to work best when there were clear ground-rules or norms that allowed an exchange of views in a non-confrontational fashion, when there was collegiality among participants, and when standing in the forum was based on expertise rather than hierarchical position. These factors helped to reduce the type of defensive reactions that generally inhibit learning. Overcoming defensiveness enables actors to identify, examine and suspend basic assumptions, which is especially important for organizations seeking to radically change how they perform their tasks. By incorporating a diverse set of set of organizational actors, the forum reduced the risk of groupthink, and incorporated multiple perspectives on the same information. Such forums worked best when they moved beyond simply reviewing quantitative information, but also incorporated experiential knowledge of process and work conditions that explain success, failure and the possibility of innovation. All of this requires an organizational culture that encourages learning and challenging existing assumptions and processes.

What are the Potential Negative Impacts of the Constrained Model?

This section examines the possible negative implications of the constrained model for management, focusing on the potential for frustration and compliance, gaming and opportunistic behavior.

The symbolic motivation for reform may signal a familiar narrative of reform failure, as politically motivated reforms fail to make meaningful changes, and are greeted with cynicism by public employees who have seen such reforms come and go, and know how to satisfy formal requirements without changing their behavior (Downs & Larkey, 1986; Wildavsky, 1975). There is empirical support for this view. Anders (2006) reports a growing sense of cynicism among public employees who see performance management reform as failing to add a great deal of value for managers. Melkers and Willoughby's (2004) surveys of state officials find, at best, limited belief that performance information is being used for decision-making. Even case studies that have reported positive uses of performance management in some settings have also found frustration and a compliance mentality in others (Franklin, 2000; Moynihan, 2005a).

If we assume that employees passively resist the spirit if not the letter of the new reforms, frustration and compliance is the most likely outcome. Another possibility is that employees pursue the incentives of the new system but in ways that are ultimately damaging. A critique of the traditional bureaucratic system is that it fostered goal displacement, as employees became so focused on rules that they lost sight of organizational goals. But performance management regimes can engender their own form of goal displacement when employee focus on improving measured performance at the expense of actual performance.

Governments frequently have difficulty in finding measures that perfectly reflect the underlying missions they pursue (Heinrich, 1999). In addition, most public services seek to achieve many goals, some of which may conflict with one another, and it is likely that not all of these goals will be adequately measured or rewarded. This allows opportunistic actors to focus on advancing the performance measures that they are being rewarded for, while neglecting unmeasured aspects of performance. As a result, efficiency goals are often pursued at the expense of program quality, short-term goals over long-term measures of effectiveness, easy-to-measure goals over more ambiguous goals (Heinrich, 2003). As actors devote more energy to improving measured performance, they may develop strategies that fall into the category of gaming (Hood, 2006; Talbot, 2004):

- Cream-skimming: focusing effort on sub-groups of clients most likely to provide greatest impact on performance measures while effectively denying services to others.
- Ratchet effects: curbing productivity in one time period to avoid the setting of more challenging targets in another.
- Output distortion: manipulation of measurement processes to improve measured performance.
- Measure selection: selecting measures that will offer the most favorable portrayal of a service.

- Spinning: uncritically accepting positive performance improvements caused by other factors, or pleading for extenuating circumstances when performance is poor.
- Churning: frequently adopting different targets of measures to prevent comparison across time.
- Cheating: Simply making up numbers, though rare, does occur. For example, in 2003, a California for-profit contractor working for the federal government reported as processed approximately 90,000 immigration documents. The contractor had shredded the documents (Broder 2003).

Another consequence of measurement-driven goal displacement is to overlook rules-based forms of accountability such as due process guarantees. Performance measures emphasize service outcomes, leading them to overlook and fail to target guarantees of equity of service (Radin, 2006), or transparency (Piotrowski & Rosenbloom, 2002).

The most egregious examples of opportunistic behavior appear to occur when performance targets are accompanied by strong financial incentives (Hood, 2006). Given that most state governments do not, for core government services, tie such incentives to performance measures, this reduces the potential for opportunistic behavior. In addition, core services are usually protected by traditional rules to ensure due process and equity considerations. However, one area where state governments do tie high-powered incentives to measured performance, and generally fail to replicate traditional due process protections, is where they contract out services. In particular, the devolution of welfare services to state government has led to a large market where third-party government, often for-profit providers, are likely to engage in the opportunistic behavior. There has been some notable case-study and large-n work that has recently began to document such problems (Dias and Maynard-Moody 2007;

Fording, Schram and Soss 2006; Heinrich and Choi forthcoming).

WHAT IS THE FUTURE OF ADMINISTRATIVE REFORM?

State governments have arrived at a model with well-developed performance information systems, but usually married to traditional civil service systems. Even though the NPM no longer looks all that new, there are not obvious rival doctrines that offer an alternate model for administrative reform. One possibility is that given the recent period of considerable change, public management reform policy at the state level will settle into an incremental pattern (Buamgartner & Jones, 1993). If this is the case, the primary challenges for state governments will be to figure out how to make use of the performance information systems that they have built.

An alternate vision of the future is that reform will continue rather than stop. Given the absence of an alternative to NPM doctrine, future reforms are likely to see a greater effort to implement the previously neglected aspect of this doctrine, i.e. greater managerial authority. For the moment, the leading states are Florida, Georgia and Texas; states that have essentially done away with their civil service systems, making most if not all of their employees "at will" and therefore lacking any protections beyond those afforded to private employees. (Given that these states may offer a glimpse of the future of state administrative reform, there has been precious little serious empirical analyses of the implementation of these reforms, and in speculating on the future I rely a great deal on survey work of locally-based scholars: Coggburn (2006) in Texas, Bowman and West (2006) in Florida, and Kellough and Nigro (2002; 2006) and Condrey and Battaglio (2007) in Georgia).

Drawing on a recent survey of state government personnel administrators, Hays and Sowa (2006) argue that state governments are indeed following the example of Florida, Georgia and Texas. Changes appear to be largely driven by Governors who have used executive authority to weaken unions, renegotiate contracts, and pursue outsourcing, but without explicit legislative support. While still reluctant to eliminate civil service laws, state governments are finding alternate ways to erode traditional employee protections by decentralizing personnel functions, declassifying employees from civil service to at-will status, and reducing employee ability to appeal adverse decisions. The result, according to Hays and Sowa (2006) is that “many public servants today work in settings that are not too different from their private sector counterparts. Those inside the “protected” service enjoy some due process rights, but nowhere near the number that is commonly believed” (Hays & Sowa 2006, p.111). The evidence presented by Hays and Sowa suggests another example of the disjunction between formal reform and implementation. While most states have kept civil service legislation “on the books”, they have undermined these laws in practice.

The pattern of reduced employee protections, occurring alongside increased contracting out of services, suggests an evolution from the constrained model to a market model of administrative reform. Reforms which give more authority to managers to hire, promote and fire have also provided greater potential for introducing significant financial incentives. The market model raises its own research questions.

Will the market model will lead to more gaming and opportunistic behavior? As discussed in the last section, the application of performance measures raises the potential for actors to behave opportunistically, improving measured performance at the expense of unmeasured aspects of performance and other forms of accountability. The potential for such gaming increases as performance is tied to high-powered incentives such as performance pay or organizational budgets (Heinrich, 2007).

Will the market model crowd out intrinsic incentives? Scholarship on motivation among public employees has found a strong sense of public service motivation (Perry & Wise, 1990). Research has suggested that extrinsic rewards tend to devalue and crowd out intrinsic motivation (Moynihan, forthcoming). Administrative systems built on assumptions of self interest will struggle to attract and retain those who see the public sector as a noble calling and will weaken the intrinsic motivations of those who remain. There is some indirect empirical evidence from state government of a crowding out effect. Kellough and Nigro (2002) report that short term turnover intention increased from 17.5% to 25% after the introduction of reforms in Georgia, suggesting that the new system is increasing turnover. They also found that, relative to the new unclassified employees, significantly higher numbers of classified employees believed that the new system placed too great an emphasis on money as an incentive, suggesting that employees hired without protections were more motivated by extrinsic motivators (Kellough & Nigro, 2006). Comments from different Florida employees interviewed by Bowman and West (2006) emphasize the declining sense of intrinsic motivation: "It used to be that we belonged to a fraternity of public service. People never considered job offers to leave. Now they are actively looking," (p.149); "Morale is down the drain"…"There is no loyalty in the workforce; everyone feels like a free agent. We are day labor" (p.153).

Will the market model foster partisan goals over management values? One of the oddities of agency theory that underpins NPM is that it assumes that political principals are naïfs taken advantage of by all-knowing bureaucratic agents. In reality, political principals may act to implement partisan political goals which may weaken the capacity of the public service as a whole. One tradition of US administration, unlike the countries that have most enthusiastically embraced NPM ideas, is to rely on relatively large numbers of appointees to ensure political responsiveness. The civil service system was built as a bulwark against excessive political partisanship and the spoils system. By removing employee protections, and contracting out significant portions of state government activity, the market model provides considerable opportunity for partisan-minded political operatives to build a new spoils system.

This is certainly a challenging research question. Because of the sensitivity of the topic and lack of transparency of useful information, survey responses may be biased or uninformed. In-depth case studies would be beneficial, but difficult because they seek to uncover behavior that some political principals would prefer to remain hidden. It may be because of such research challenges that there is a dearth of compelling evidence one way or another. In Georgia, Kellough and Nigro (2002) did not ask directly about partisanship, but did report that large majorities felt that office politics and favoritism played a major role in determining performance appraisals. They also found that just over 44% of unclassified employees believed that the civil service reform made them more responsive to the goals of agency administrators (Kellough & Nigro, 2006), with Condrey and Battaglio (2007) finding that only 47% of HR professionals also felt that employees had become more responsive under the new system.

As to the question of direct partisanship, the evidence is mixed, although suggestive that it partisan actions are taking place, they are not blatant. In Texas, Coggburn's (2006) survey found that human resource directors agreed that the lack of civil service protections made employees more receptive to agency administrator priorities, but overwhelmingly rejected that the new system had led to partisan influences on personnel matters. In Georgia, Condrey and Battaglio (2007) report data from a survey of agency human resource professionals that lead to state that "there appears to be no wholesale rush to spoils in the state" (p.436). However, this positive view may be a function of the survey population. Condrey and Battaglio acknowledge that human resource professionals and program managers may have differing views. Bowman and West (2006) provide evidence of these differing views. Florida human resource staff also report little partisanship, but these views were strikingly at odds with the perspectives of senior managers in the state, who generally saw the reforms as weakening nonpartisan service. What was most striking in the comments of Florida interviewees was not the relatively rare mention of explicit partisan reprisals, but of the broader and more pernicious influence the reforms have had on employee perceptions of appropriate behavior. Because, as one employee put it "most perceive that if they don't tow the party line that their job is at risk" (Bowman & West, 2006, p.153), political appointees generally do not need to make explicit threats for public employees to become more responsive to partisan goals.

Will the market model lead to better motivation and higher performance? The risks associated with the market model may be worth taking if it does, indeed, provide the improvements in motivation and performance promised by NPM doctrine. There are, however, a number of reasons to doubt that market model will deliver such benefits. First, because of the potential for gaming, measured performance may improve at the expense of other aspects of performance (Heinrich, 2007). Second, the crowding out effect may reduce motivation and performance: in situations where individuals have high initial endowments of intrinsic motivations, extrinsic rewards may actually reduce performance (Weibel, Rost & Osterloh, 2007). Third, employees operating under greater managerial authority do not report higher levels of motivation. In Texas, Coggburn's (2006) survey of human resource specialists found no clear agreement that the decentralized system led to higher motivation or efficiency, and found general disagreement with the claim that the new system made employees more productive. In Florida, senior managers reported no changes in productivity, but believed that morale and loyalty had suffered (Bowman & West, 2006). Indeed, Berry Brower and Flowers (2000, p.354) report that where performance improvement efforts did take place in Florida, they tended to occur in spite of the performance incentive system in place rather than because of it. In Georgia, Kellough and Nigro (2006) report that only 28% of employees believed that their new pay for performance system was effective at motivating employees, while Condrey and Battaglio (2007) found human resource professionals only slightly more optimistic, with 35% agreeing that the new system motivated employees. The vast majority of Georgia employees felt that the purpose of bonus systems was to control the state payroll, and that their pay was not connected to performance (Kellough and Nigro 2006). In addition, Kellough and Nigro (2002) report lower job satisfaction after reforms were implemented, and found that cynicism toward the reforms was a significant negative predictor of job satisfaction.

A final reason that the market model will not lead to greater performance is that state governments continue to see personnel reforms and performance management reforms as largely disconnected, adopted at different times for different purposes. NPM doctrine portrayed performance information systems and managerial authority as mutually dependent aspects of successful reform. While the state level promoters of increased managerial authority argue that it will foster greater performance, state governments have not connected the use of such authority to agency-level performance goals as part of one coherent management system. For instance Georgia's much lauded pay for performance system relies on an individual performance appraisal system, an approach which has been tried, tested and failed in the public sector, and does not clearly connect to program or organizational performance. Condrey and Battaglio (2007) suggest that the devolution of authority is generally not used to streamline human resource processes, and find that only 43% of Georgia human resource professionals believe that their new system has made personnel processes more efficient.

In some respects, the disconnect between managerial authority and performance information systems may be a good thing, since it reduces the potential for high-powered incentives to lead to negative outcomes such as opportunism or crowding out. However, the absence of this link does increase the risk that states will slide back to box 1 in figure 1, where authority will be used for non-performance reasons such as partisanship, and generally reduced the potential to see the performance benefits promised by NPM doctrine.

How Might State Governments Reconsider Authority?

The concern with the failure to link authority to performance raises a final object of speculation. Is it possible for state governments to find another approach to authority that is better tied to performance, but limits the dangers of politicization inherent in any system that relies so much on political appointees? The varying conceptualizations of authority under the Clinton and George W. Bush Administrations at the federal level illustrate two different ways in which authority might be understood. We might call the Clinton approach an empowerment approach to authority, while the Bush approach is a more political understanding of authority.

The Reinvention initiative under Clinton emphasized empowering frontline managers from specific rules that affected their ability to implement performance-enhancing innovations. Frontline managers could request waivers from rules if they could make the case that these rules prevented more effective, efficient or customer-friendly operations. The empowerment conception of managerial authority required an ability to justify authority in the name performance.

While the Bush Administration has also adopted the rhetoric of providing managerial flexibility, the manager they envisioned was not a front-line official trying to solve operational problems, but senior level political appointees. The Bush Administration argued that these appointees needed broad swathes of discretion, but did not offer justification for how this authority would be used. This political approach to authority was typified by fierce battle the Bush Administration waged to provide discretion to the Secretary of the Department of Homeland Security over personnel matters, even as it refused to offer a blueprint for how this authority would be used (Moynihan 2005). This is the vision of authority pursued in Florida, Georgia, and Texas, and increasingly in other states (Hays and Sowa 2006). The political approach arises as much from a frustration with bureaucracy and public service unions as it does from a desire to make bureaucracy work better. It effectively favors political appointees and increases the possibility of partisan uses of authority. To better connect authority and performance, and to reduce the potential for flexibility to be used for partisan purposes, state governments should strive to design an empowerment approach to authority, asking that managers offer some justification for the provision of greater freedoms, and focusing increased discretion to career staff.

CONCLUSION

The questions posed in this article are not intended to be definitive. In particular, this article did not attempt to map out the increasingly important role of third-party government. However, the questions are broad, important and will continue to be of relevance. The answers are limited by the shortcomings of existing research, and the characteristics of the time that are being documented. They can always be improved upon, and I conclude by considering challenges that researchers face.

To provide more complete answers, we need additional research that documents state government employee attitudes toward and behavior engendered by reforms. One key point to emerge from research cited in this article is that that while states may look similar when comparing "on-the-books" administrative reform, they look much different when research probes implementation. Research needs to get beyond formalism, and incorporate views of officials and actual practice.

Survey approaches to administrative reform topics can provide better information. Surveys of officials should less frequently ask whether individuals view the reforms as worthwhile– this tends to foster an upward bias in response, frequently because employees perceive that these reforms may map out how government should be run, and because they assume that someone else is finding them useful. Instead, surveys should ask if and how employees use performance information, and the effect of new reforms on motivation. Where possible, such data should form the basis of quantitative analyses that provides more compelling insights than simply reporting descriptive data. Other non-survey based quantitative analyses of performance data can shed light on whether performance is actually improving and whether gaming takes place (e.g., Heinrich, 2007).

Case studies can supplement quantitative research by offering detail on how data is used, if at all, and portray the contextual issues that foster use and/or lead to non-use, frustration, gaming and crowding-out effects. A particular research question to test is whether such gaming and crowding out effects only occurs in the context of significant financial incentives. Some of the most insightful research on state administrative reform has been detailed case histories of the development and implementation of reforms, and the effects on public services. While case research will always struggle with generalizability problems, the richness of the contextual detail provides for compelling hypotheses. There is not enough of this kind of scholarship given the level of change that has taken place and continues to take place.

Up to now I have discussed research that will better document the factors behind and the effects resulting from the new architecture of state administration. But research on professional practice plays another role, which is to suggest alternate reform ideas as the shortcomings of existing approaches become apparent. This article has offered some suggestions for alternate reform approaches that might better achieve the goals of recent reforms in the form of learning forums and an empowerment approach to authority. Other research should examine these and other proposals, find out if they work, and under what conditions. Public administration scholarship can best contribute to practice not just by documenting current systems, but by develop credible and evidence-based alternate doctrines of reform.

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