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LEGISLATIVE INFLUENCES ON PERFORMANCE-BASED BUDGETING REFORM

Introduction

This report examines the issue of legislative involvement in performance-based budgeting reforms – specifically, whether and how legislative bodies should be engaged in implementation of the reform. Traditionally, budgeting and management reforms have focused on the executive branch and administrative agencies. However, a review of the history of budget reforms suggests that such an approach may be problematic. When legislatures are not engaged in the reform, they may fail to use the information generated or worse, may actively resist implementation. The analysis presented in this paper assesses current state-level implementation of performance-based management and budgeting reforms and how legislative involvement affects implementation. The analysis also assesses whether increasing legislative professionalism might improve the level of implementation.

Key Findings

- **Legislative oversight but not legislative professionalism play an important role in the implementation of performance-based management and budgeting reforms.**

Drawing on a national survey of agency staff and budget officers in the states, the analysis presented in this

report shows that the identification of legislative oversight of a performance management reform is one of the most consistent predictors of effective implementation across the government, including in agency management decisions, in budgetary processes, as well as in legislative policy-making. Although not a focus of this report, gubernatorial leadership also is an important variable, suggesting that elected official leadership in both branches is important if agencies are going to take the reform seriously.

A further question in the literature on legislatures is whether professional legislatures – full-time, highly resourced legislative bodies – provide more effective policymaking and oversight. Although legislative professionalism may be important for improving other legislative activities, this research finds little evidence that professionalism or higher levels of staff resources are the key to improving implementation of performance-based management and budgeting reforms. In fact, term limits appear to have a positive influence on implementation of the reform, and other measures of legislative professionalism have a statistically significant negative influence on implementation.

The positive effect of legislative oversight and the negative effect of professionalism suggests that the

quality of legislator and staff engagement rather than quantity may be a deciding factor. A further examination of states where legislative bodies play a significant role in oversight shows that high levels of legislative responsibility are not necessarily coupled with high levels of professionalism. States such as Virginia, Texas, New Mexico, and South Carolina, all have citizen legislatures or “moderately” professional legislatures, but at the same time have legislatures with substantial responsibility for budgeting, policymaking, and oversight.

- **Legislators are more likely to trust performance information from their own staff or other legislatively-affiliated organizations, rather than agencies, executive staff, or interest groups.**

In a second section, this report describes the results of a 2005 survey of members of the Georgia House and Senate Appropriations Committees. The results of this survey indicate that legislators would welcome access to more results and performance-based information. However, an important criterion may be the *source* of this information. Although survey respondents came from both parties, legislators tended to be generally distrustful of agency self-reporting and even executive staff analyses of agency performance. Instead, legislators favored analyses from legislatively affiliated sources such as legislative staff and the Department of Audits.

A final section of the report simply describes what “legislative oversight” might look like by examining how the legislatures in Florida, Texas, and New Mexico are involved in the state’s performance-based budgeting and management reform. A key feature in each of these states is an investment in legislative capacity to effectively evaluate performance information.

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