

GASB City of Austin Case: Budgeting Teaching Notes

Case Description

Written in the form of research notes, this case presents a very ambitious managing-for-results initiative undertaken by the city of Austin, Texas. Since the mid-1980s, Austin has been attempting to adopt cutting-edge management models to improve the results/management/performance of the city government. The city of Austin has been at the forefront of performance. It scored second among the 35 largest cities in the country in the 1999 round of the Government Performance Project (GPP, www.maxwell.syr.edu/gpp, and *Governing Magazine*, Feb. 2000).

Class Use Objectives

As a performance/ budgeting case, although it does not provide any budget figures, the case elaborates on the origin, development, and status quo of performance budgeting in the city of Austin. Instructors may well use this case to familiarize students with how to initiate, develop, promote and implement performance/program budgeting in local governments.

Until late 1999, when the interviews were completed and this case written, the entire managing-for-results initiative had remained a top-down enterprise. Although officials and managers at various levels of city government attempted to attract citizen participation, they achieved limited success. Instructors may prompt students on how to engage citizens in such initiatives and ask them to discuss the barriers to participation.

Pre-Requisites

- Before assigning the case, instructors may need to introduce the concepts of performance budgeting, program budgeting, managing for results and strategic planning.
- Pre-class reading of the case (33 pages).

Discussion Questions

1. Briefly recount the history and development of Austin's "Performance Accountability System" and try to identify:
 - a. Why was the city Auditor's Office the initiator in 1985 after some sporadic departmental use of performance measures?
 - b. How did the Auditor build up the city's performance auditing capacity? (Hired an expert as deputy city auditor and trained staff, page 6)
 - c. To what extent can we say the Austin performance management initiative has been a top-down enterprise? Why was it so? (If the state of Texas case has been used, discuss any similarities between the two.)
2. The diagram of the Austin Performance Accountability System (bottom, page 3) is a lively basis for analysis.

- a. “Performance-based decision making” (they refer to it as ACT) lists citizens at the top, then elected officials, managers and employees. Obviously at the time of the interviews, citizens were not active in participation except through some citizen satisfaction surveys; but the plan as revealed through this diagram is to fully engage citizens. Comment on this, as an elected official and/or as a citizen.
 - b. “Strategic planning” as mentioned in this case is annual, why? (Hint—this is different from the concept commonly used when people say “strategic planning,” which usually covers five or six years.)
 - c. If the reason strategic planning is conducted on an annual basis is to achieve better and easier benchmarking of organizational and individual performance expectations, why can’t it be conducted every two or more years? Elaborate. What are the strengths and weakness of requiring this on an annual basis?
3. Related to Question 1, why does the performance accountability system so often and so closely involve the budgeting and auditing offices? How would you make the link?
 4. Though performance accountability has been going on for over a decade by the time of the interviews in 1999, citizens were in general not users of, or participants in, developing performance measures. In your view what was missing?
 5. The case argues citizens play a significant role by providing performance data through the annual citizen satisfaction survey (page 9). Compare Austin with small communities like Montclair, New Jersey. What are the differences, if any? Can we conclude that it is easier to engage citizens and sustain participation in smaller communities? In a large city, how should the government pursue the goal of citizen participation?

Possible Activities

1. Based on the Austin case, divide the students into small groups and have them develop performance measures for one or two city departments according to the three characteristics frequently cited about performance measures, they should be: accurate, meaningful, and understandable (page 21). Ask your students how they can insure the accuracy of the data, how they determined if a measure was meaningful and how they would present the results so they are understandable.
2. Simulate a town hall meeting with students assuming the roles of officials, managers, employees and citizens. Discuss the three kinds of barriers to effective use of performance measurement, namely, human barriers, technical and conceptual difficulties, and system and resource constraints (page 26). Elaborate on how to reduce/eliminate these obstacles.