

South Carolina's "Budgeting for Results:" An Overview of the Process

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Introduction

On January 5, 2005, Governor Mark Sanford unveiled to the General Assembly—and the public as well—his FY 2005-06 executive budget. Governor Sanford described his budget to the media at the time as...

a balanced, "activity-based" spending plan designed to focus spending on "critical needs" and "core" government functions while limiting the growth of government and not raising taxes. "At the end of the day we believe that approach is central to protecting the taxpayers of this state and providing them with the maximum return on their investment."¹

Of significance, the governor's executive budget was a vast departure from the traditional state budgeting practices of the past. Discouraged with the traditional or "incremental" budget method of examining new or expanded programs only, and ignoring the "base" budget, the governor initiated an innovative budget process that examined the entire budget—virtually every activity, and its associated funding, performed by government. This was done ultimately in the context of a set of pre-established goals or results, ones that were determined, by the governor, to be of major significance to the citizenry. Called "Budgeting for Results" (BFR), it was a process that included input from ordinary citizens and subject-matter experts, designated as Result Teams, who developed purchase strategies to achieve the pre-set goals established by the governor. Using these so-called "purchase strategies," the Result Teams then prioritized all state governmental activities, looking where possible for cost-savings, consolidations, and process improvements. The Result Teams then relayed this information—strategies, priorities and innovations—to the governor. Governor Sanford and his executive staff used this extensive information as a blueprint in preparing for his FY 2005-06 budget.

Figure—1 Definition of Terms

Goal Areas —Eight broad result or priority areas that the governor believes South Carolinians most want from their state government.
Indicators —Key measures or indices that provide the best evidence to the citizen that a statewide goal area is being achieved.
Strategies —Proven or promising approaches, influences or factors for achieving goals or results.
Activities —Individual or discrete actions taken by state government to accomplish goals and objectives. For the citizen, "What is the state doing, for whom, and does this accomplish something that is both valuable and needed?" "Precisely, why are we doing it?" "And at what cost?"

Source: Office of the Governor. (2005, January 5). *The FY 2005-06 executive budget*. Columbia, SC: Author, p. 21.

Overall, the new executive budget process was a success. Some 1,500 government activities were scrutinized, prioritized and, in many cases, adjustments or improvements were proposed in an executive budget comprising 346 pages. Eliminating 67 activities, the potential savings amounted to \$162 million.

The new budget process, according to most observers and experts, was truly ingenious, cutting-edge, and forward-thinking. For example, Charleston's *Post and Courier* editorial on January 7, 2005, stated:

Governor Mark Sanford deserves the high marks he's getting from legislative leaders for his new approach to budget writing... it is an impressive piece of work... It bolsters essential services by redirecting the state's limited resources and offers surprising economies through a fresh examination of how government services can be streamlined. It seeks strong support for public education, public safety, natural resources and health care. Notably, the governor's budget states that the approach he has taken is "free from the old-fashioned bureaucracy-driven emphasis on self-preservation."²

Given the success of the executive budget approach for FY 2005-06, Governor Sanford is expected to renew the BFR process for FY 2006-07. Lessons learned from the first year's efforts, according to the governor, are to be used to enhance and improve the second year's executive "activity-based" budget iteration.

In this paper, the BFR process steps will be described. This discussion is intended to allow for a clear and succinct understanding of Governor Sanford's "rational and practical" approach to budget development.

The Budgeting for Results Approach

Traditional governmental budget processes are typically, as perceptively described by Governor Sanford, "archaic, marginal and, perhaps most of all, unenlightening and counterproductive."³ They were, and continue to be to this day, generally financial decision-making systems that do little more than "*control* spending and *preserve* the status quo of the bureaucracy."⁴

For all its complexity, the state budget is traditionally built on the preceding year's "appropriation's base." This "incremental" approach allows narrow, marginal discretion for the spending of state funds. This discretion or emphasis is focused on "new money" alone, that is, on those funds that result from revenue growth over the previous year. Thus, public policy is made in incremental or successive steps, resting on decisions made in prior years.⁵

Agency programs, found within the appropriations base, are not examined generally, but are “automatically” funded. New agency programs, or increases to existing programs, are those funding areas given analytical attention and, as a consequence, compete for new funding dollars above the base.⁶

Figure—2 Traditional Budgeting vs. Budgeting for Results

Incremental or Traditional Budgeting	Results-based Budgeting
Focus is on the allocation of “new monies” only (5% of budget total)	Focus is on nearly all monies or the entire budget amount (excepting certain obligations such as debt service, reserve fund requirements, etc.)
Concentration is on inputs (what you buy), i.e. “objects of expenditure”	Concentration is on outputs (what results are expected)
Narrow or marginal decision making	Comprehensive or enterprise-wide decision making
Subjective based	Objective based
Preserving the status quo	Determining new, creative approaches to problems and needs
Agency or bureaucracy driven	Outcome driven
Promotes restraints, restrictions, and red-tape	Encourages flexibility and ingenuity
Control orientation	Planning and management orientation
Emphasizes compliance and preserving legality	Emphasizes performance and innovation
Stresses audit trails and conformity	Stresses program evaluation and improvement
Involves agency heads, elected officials and advocacy groups	Involves everyone wanting to participate, especially those wearing a “citizen’s hat”
Encourages and perpetuates single agency programs	Encourages intra- and inter-agency cooperation among programs and activities

Source: Office of the Governor. (2005, January 5). *The FY 2005-06 executive budget*. Columbia, SC: Author, p. 23.

In the summer of 2003, Governor Sanford attended a National Governor’s Association meeting on the fiscal crises facing states and the creative approaches a hand full of states were taking to deal with their financial dilemmas. He and other governors were frustrated with the traditional or incremental approach to state budgeting. In particular, Governor Gary Locke of the State of Washington, like Governor Sanford, was weary of traditional budgeting; namely, the focusing on allocating “new monies” only, the concentrating on inputs alone (objects of expenditure like salaries, supplies, equipment, etc.), and the continuing agency-driven emphasis simply on self-protection and organizational needs.

Governor Locke, in FY 2002, had introduced a new budget process,⁷ one that examined the entirety of government and nearly all statewide funding. It was a “new” budget process that concentrated on outcomes and results. It established priorities. It measured performance. To be precise, it set statewide goals, identified strategies to achieve those goals, and established indicators to measure performance or progress towards these pre-established, wide-ranging goals.

Similarly, Governor Sanford, having been in office for only seven months, was already heavily involved in improving the executive budget process. His approach—in his first budget for FY 2004-05—was to be eventually described by many observers as being unprecedented, detailed, transparent, rational, and innovative. It too established priorities, identified goals, and provided thoughtful approaches to address systemic problems facing

the state. Overall, its focus was aimed towards bringing about positive outcomes and results, both for the short- and long-terms.

Still, Governor Sanford was impressed with Washington State's new budget process and the positive effects it had accomplished in such a short timeframe. The governor instructed his staff to review the State of Washington's budget process and other promising state budgeting systems that targeted entire base budgets and focused on results and priority spending. His purpose, as stated in the FY 2005-06 executive budget, was cogent and to the point:

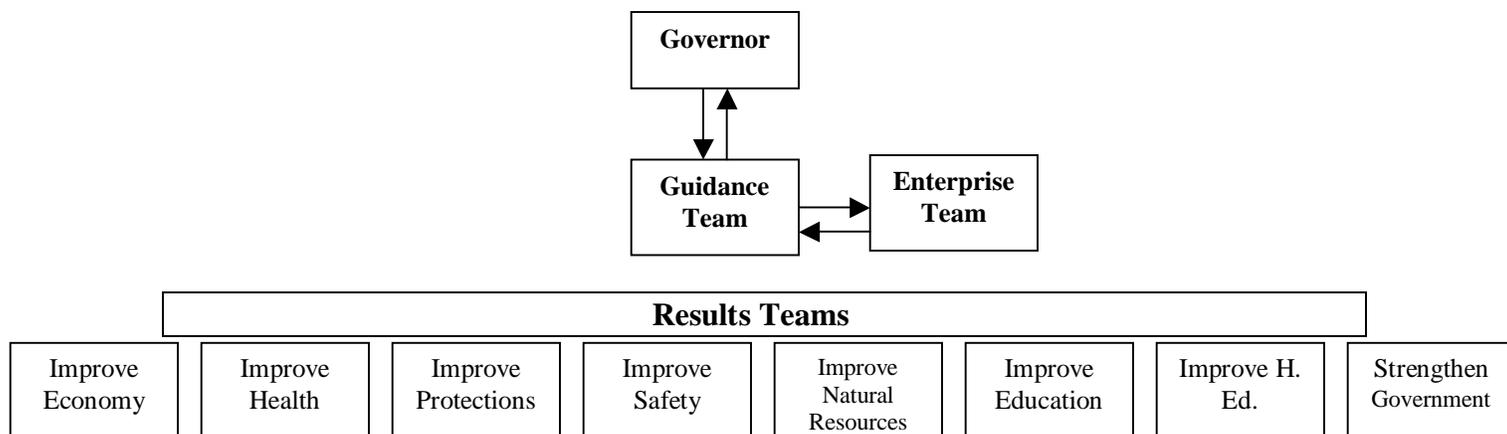
Our aim was straightforward: to build a FY 2005-06 Executive Budget for South Carolina based on clearly articulated statewide goals, effective strategies, creative and insightful thinking. We wanted to focus on the "keeps," not the cuts. Through emphasizing outcomes, we attempted first and foremost to make sure citizens—not agencies, special interest groups, or lobbyists—get their money's worth from state government.⁸

The main components of BFR were 1) organizational or structural units or "teams," and 2) distinct processes or budget development "steps." The organizational units consisted of the establishment of a Guidance Team, eight Result Teams, and an Enterprise-wide Team. The processes consisted basically of six steps; namely, 1) the setting of major goal or result areas, 2) the developing of agency activity inventories, 3) the developing of chief indicators of progress and key strategies for achieving results, 4) the holding of public budget hearings for each result area (vis-à-vis by agency orientation), 5) the sorting and prioritizing of agency or governmental activities and the identification of savings, and 6) the distribution of resources among goal areas, i.e., the finalization of the purchase plans by result areas.

The Organizational Units or Teams

The Guidance Team (GT) was, in essence, established chiefly to plan, support, monitor, and steer the new BFR process. The Guidance Team consisted of the governor's deputy chief of staff and budget director as well as senior staff of the Office of State Budget. Staff of the University of South Carolina's Institute for Public Service and Policy Research also assisted the GT in a consulting capacity. The GT additionally actively worked to energize the BFR process and met regularly to coordinate and maintain the efforts of the eight Result Teams.

Figure 3—Budgeting for Results Structure



The Result Teams (RTs) were described by the governor as the “workhorses” of the entire BFR process. They were made up of groups of typically six to nine persons who possessed some expertise in relevant subject matter, but were asked “to think like citizens, setting aside any agency or advocacy bias.”⁹ Their chief roles and responsibilities were to identify and make understandable, those indicators that showed progress toward their respective goal areas. They also established key strategies on how to best achieve each goal area. And of singular importance, the RTs were then responsible for ranking and prioritizing agency or governmental activities that best met some aspect of their particular goal area, or again, as referred to earlier in this paper, by the term, “purchase strategies.” Finally, the RTs each prepared a *final* purchase plan detailing those activities to be funded to achieve their respective goal.¹⁰ These were subsequently submitted to the governor and his staff to consider for inclusion in the executive budget.

Lastly, the Enterprise-wide Team (EWT) was put together to study and analyze best management practices, systems, and organizational constructs that were being utilized in government, non-profit and/or private sector organizations. The purpose of the EWT was to recommend to the Coordinating Team *enterprise-wide* (“government-wide”) strategies or systems that, based on compelling evidence or research, were proven to enhance the overall functioning of state government organizations and operations, including those that resulted in the reduction of costs. The EWT was composed of various key staff from the governor’s executive office, senior staff from the Office of State Budget, and government and management experts from the Institute of Public Service and Policy Research, University of South Carolina. After the first meeting or two, the goals and tactics of the EWT were largely folded into the RT for “strengthening government’s ability to achieve results efficiently and effectively.”

**Figure 4—Executive Budget Process Schedule
FY 2005-06**

June 1—August 31, 2004	Develop and Refine Activity Inventory
July 30-August 13	Result Teams Appointment and Orientation
August 2—September 10	Budget Requests
August 16—September 10	Result Teams Development of Indicators and Strategies
September 11-October 5	Budget Hearings
September 11-October 17	Result Teams Plan Development
October 11	BEA Preliminary Revenue Estimate
October 10-November 5	Result Teams Final Purchase Plan and Report to Governor
November 10	BEA Official Revenue Estimate
November 6-December 31	Governor’s Executive Budget Development
January 5, 2005	Submission of Governor’s Executive Budget to the General Assembly

The New Budgeting Process

Again, the Budgeting for Results process consisted of six steps.

Step # 1—The setting of major goal or result areas. The first step was to set major goals or results that the governor wanted to see occur in the Palmetto State in the short- and/or long-terms. To do this, the governor and his staff took several approaches. They revisited and studied the ideas and concepts of the Sanford campaign platform, the state-of-the-state addresses, the previous year’s executive budget, the MAP Commission Report,¹¹ and other information and data. The governor ultimately came to the conclusion that he should set eight statewide goals—in the broadest sense—that he believed the citizen’s of South Carolina wanted to see results in and progress made. For purposes of the BFR process, the governor and his staff did not want to provide details, strategies and indicators, and the like, since he was aware that the budget steps to follow in the BFR exercise would bring these out. The governor simply wanted to identify wide-sweeping goal areas, if you like, “offer a vision for the future.”¹² Most importantly, the governor wanted the BFR process to construct a budget to achieve these sweeping goal areas—a budget driven to achieve results at a price or cost that the state could afford or a price the citizens, he felt, were willing to pay.¹³

Hence, eight wide-ranging goal or results areas were identified. These included:

- Improve the conditions for economic growth in the state.
- Improve the health of South Carolina’s citizens.
- Improve protections for South Carolina’s children and adults.
- Improve the safety of people and property.
- Improve the quality of South Carolina’s natural resources.
- Improve K-12 student performance.
- Improve the state’s post-secondary education system and cultural resources.
- Strengthen government’s ability to achieve results efficiently and effectively.

Step # 2—The developing of agency activity inventories. The next step was to develop an all-inclusive inventory of the activities that state government in South Carolina provides. For each activity, therefore, three main elements were required—a description of the activity, its expected outcome, and its cost.¹⁴

To acquire this activity information and data, working in conjunction with the State Budget Office, the governor requested that each agency breakdown their budgets into “discrete and definitive activities.”¹⁵ Each agency was instructed to provide a description of each and every activity they provided to serve directly or indirectly the citizens of South Carolina. For purposes of this Step # 2, an activity was defined “as something an organization does to accomplish its goals and objectives. Moreover, an activity is defined as something which consumes resources and produces a product, a service or outcome.”¹⁶ Most importantly, an activity should describe in a citizen-oriented way the following: What is done; for whom; why; at what cost; and, what is to be expected or accomplished.¹⁷

Over approximately a three-month period, agency activities were submitted by state agencies and departments to the Office of State Budget (OSB), where they were then entered into a database. Next, the OSB and the governor’s executive staff reviewed the activities—with some assistance from legislative fiscal staff¹⁸—to evaluate the quality of the activity descriptions and outcome measures. Those activities requiring more work or improvement were sent back to agencies for appropriate corrections and enhancements. Once this was completed, the OSB sorted the activities to correspond to or within the eight result areas. Stated differently, those activities—regardless of agency or department—that appeared to fall within the goal area of K-12 improvement were, for example, placed there; those activities that related to the improvement of health were slotted there... and so forth.

Thus, “the final product of this second step was the formation of a comprehensive inventory of activities, numbering over 1,500 separate and distinct activities that comprised the ‘entirety’ of what state government does, for whom, why, at what cost, and for what effects or outcomes.”¹⁹ This inventory or detailed description of what all state government does in South Carolina, defined in discrete activities, as best can be determined, had never been done before. It was, for all concerned, particularly illuminating as well as instructive.

Step # 3—The developing of chief indicators of progress and key strategies for achieving results. Again, eight Result Teams were put together consisting of experts, by varying degrees, versed in the subject matter of each goal area. Each RT was headed by a team leader from the governor’s executive staff. The Office of State Budget provided financial, subject matter, and research expertise for each RT. Each RT was facilitated and assisted additionally by one or more staff from the University of South Carolina’s Institute for Public Service and Policy Research. The Step # 3 task for these RTs—each of course meeting separately—was to develop chief *indicators* of progress and key *strategies* for achieving results. These indicators and, more importantly, the strategies would be later

utilized by the RTs as the “basis or criteria to review, analyze, and ultimately prioritize and rank activities”²⁰ which advanced the state towards improving the goals of improving education, health, public safety, and the remaining goal areas discussed above.

Generally, through what turned out to be thoughtful and probing discussions, each RT began to formulate or list indicators that would show if progress was being made towards a goal area. For instance, as highlighted for illustrative purposes in the FY 2005-06 Executive Budget, the Result Team for K-12 improvement decided that “those indicators that would best designate progress” were four; namely, 1) student scores on a series of academic assessment tests, 2) high school graduation rates, 3) reduction in achievement gaps between students of different racial/ethnic groups and varying economic status, and 4) student readiness up to age 3.²¹

From this point, the RT for K-12 improvement started to think and discuss what “major purchase strategies or approaches were keys to achieving progress.” The question here was, “What does our experience and research tell us about those factors most critical to the success of student achievement?” In the end, six strategies were identified. These included:

- Focusing on early childhood education and development.
- Providing for quality teachers.
- Providing for quality leadership (i.e., school board members, superintendents, and principals).
- Providing quality classroom learning for students.
- Ensuring proper curricula and standards, including emphasis on accountability.
- Providing assistance for under-performing schools.²²

Finally, Step # 3 was concluded by asking designated RT participants to prepare, in writing, a paper that identified the selected indicators and gave full exposition as to their meaning and importance. Also, designated RT members were to write as well an explanation of the strategies and to the extent possible, to document data and information that supported that these strategies were evidenced-based approaches or factors for improving, per the K-12 RT example, student performance or achievement.

Step # 4—The holding of public budget hearings for each result area. This step involved the opportunity for the governor, his executive staff, appropriate RT members, and other interested parties—including the general public—to meet with agency heads and personnel to discuss governmental activities particular to a goal area. There were, therefore, eight meetings corresponding to the governor’s statewide goals, including an additional meeting with “enterprise” agencies, viz., Santee Cooper and the Ports Authority.

Budget hearings are typically held as an opportunity for individual agencies to make their case to protect or increase their funding. However, with our renewed focus on the taxpayers, we realized that citizens do not care which agency provides services as long as they

get them effectively and efficiently. Therefore, instead of holding hearings with individual agencies, we held hearings by goal area to break down artificial walls and better look at government from a citizen’s perspective.²³

The meetings lasted two to three hours and were described as “casual and provided a forum for conversation rather than formal presentations by agencies.”²⁴ A total of 39 agencies participated in the budget hearings, beginning on September 15, 2004 with discussions about the goal “to improve the conditions for economic growth,” and concluding October 5, 2004 with the goal “to improve the state’s post-secondary education system and cultural resources.” Generally, the discussions centered on how agency governmental activities were contributing to the results or goals set by the governor. Agencies were queried about their “most beneficial, highest priority activities as well as those that were marginal or less productive.”²⁵

Figure—5 Executive Budget Hearings by Goal Areas with Appropriate Agency Participants for FY 2005-06

Goal Areas	Primary Agencies
Improve the conditions for economic growth	Commerce, Dept. of Insurance, PRT, Labor, License, and Review
Improve the health of South Carolina citizens	Health & Human Services, Mental Health, DAODAS, Disabilities & Special Needs
Improve protections for South Carolina’s vulnerable children and adults	Dept. of Social Services, Vocational Rehabilitation, Commission for the Blind
Strengthen government’s ability to achieve its results efficiently and effectively	Department of Revenue, Lottery, Budget and Control Board
Improve the safety of people and property	Corrections, Juvenile Justice, SLED, Public Safety, PPP,DMV, Department of Transportation
Improve the quality of South Carolina’s Natural Resources	Dept. of Natural Resources, DHEC-Environmental, Dept of Agriculture, Forestry Commission, Clemson PSA, PRT—Parks
Enterprise Agencies	Santee Cooper, Ports Authority
Improve K-12 student performance	Department of Education, First Steps, ETV, Ed. Oversight Commission
Improve the state’s post-secondary education system and cultural resources	Commission on Higher Ed., TECH Board, Tuition Grants, Museum Commission, Arts Commission, Library, Archives & History

Note: There were additional meetings or hearings with enterprise agencies, including, for example, the state’s Research Authority and DOT.

Step # 5—The sorting and prioritizing of agency or governmental activities and the identification of savings. This step basically involved the RTs prioritizing or ranking—“purchasing,” so to speak—governmental activities. “The product or deliverable here was the development of a preliminary purchase plan of prioritized activities—an initial budget for each goal area.”²⁶

Early on, the Office of State Budget had sorted activities by the eight goal areas (Step # 2—the developing of agency activity inventories). During the interim steps above, OSB had then sorted activities by strategies which were developed by the RTs in Step # 3 (i.e., the developing of chief indicators of progress and key strategies for achieving results). At this point, each RT was now charged with reviewing the activities, heretofore not seen by the RTs, and deciding which *linked most closely* to their respective goal area and strategies. Eventually, these activities would be ranked distinguishing those which were considered “essential,” to those “important,” and to those designated “non-essential.” (See Figure 6.) Obviously, some activities would appear unrelated or non-important to the goal area or especially to the major purchase strategies. They would be abolished, placed on a wish list, or sent to a more appropriate goal area or RT.

Figure 6—Prioritization or Ranking Scale²⁷

Ranking Values and Definitions
3 = Activity is critical and is best and/or most effective way to accomplish the strategy.
2 = Activity is important to accomplishing the strategy.
1 = Activity, while it may be important in and of itself, is not vital or perhaps not the best way to accomplish this strategy.

Each RT ranked or prioritized its share or portion of the 1,500+ activities to complete a goal-specific preliminary purchase plan, one which was—by all accounts—perceived as both thorough and complete. The RTs also reviewed all costs associated with the activities regardless of the funding source (viz., all state General Fund, federal and “other”²⁸ monies). Most importantly, perhaps, this step was an opportunity for RT members “to challenge their previous assumptions and rationales for prioritization and to look for creative and innovative ways to do things differently and hopefully better.”²⁹ Central questions at this stage were, “As a citizen of South Carolina, are these activities the most cost-efficient and effective ways to achieve the designated goal area(s)?” “Does this budget plainly make sense... can it *be easily understood* that it produces the results South Carolinians want and at the right price?” Equally important, other questions that required answers, to the extent possible, included:

- Can these activities (those ranked, at a minimum, as “important”) realistically be measured in terms of performance or outcomes, and how?
- For those activities *not* purchased, what are likely to be the consequences?
- Can those activities that obviously appear to be duplicative, in and across agency structures, be eliminated or merged? If so, where can the cost savings be targeted in terms other activities.
- What activities appear to be antiquated, no longer relevant to today’s citizenry? Can or should they be salvaged or should they simply be abolished freeing up funds for more important, under-funded activities?
- What activities appear to be excessively funded, especially those ranked on the lower end of the prioritization list?

- In the final analysis, is this purchase plan for education, health, etc. the best possible budget—given the circumstances—for purposes of advancing the quality of life for all South Carolinians? Generally speaking, what more needs to be done in the future to make South Carolina great?³⁰

Figure 7—The Washington State Experience “Review the Activities and Choose What to Buy”

“After the activities are in, the first thing to do is to rank them in terms of results delivered considering dollars spent, then move down the list, buying according to priority until available funds or allocations are exhausted. This buying plan becomes a budget for the specified goal area. It is a list of keeps, not cuts; positive choices for spending the citizens’ monies or resources to buy the citizens’ results.”

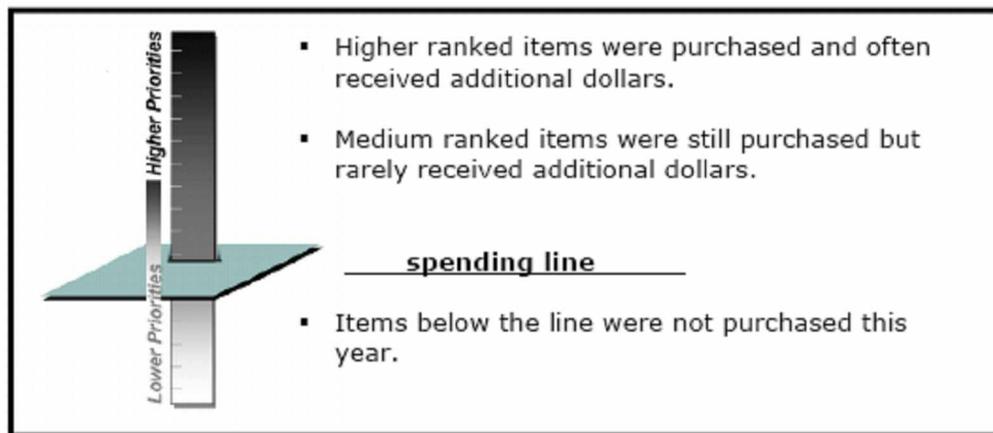
Source: Osborne, D. and Hutchinson, P. (2004). *The Price of Government*. New York, NY: Basic Books, p. 81.

Step # 6—The distribution of resources among goal areas, i.e., the finalization of the purchase plans by result areas. The heart or quintessence of Step # 6 was the methodical and careful review by the governor and his executive staff of the preliminary purchase plans by the RTs, and the finalization of a completed purchase plan reflecting the governor’s philosophy and policies. Ultimately, this final purchase plan of the governor took the form and substance of the FY 2005-06 Executive Budget.

It is noteworthy that the review of the RTs rankings or preliminary purchase plans and the governor’s finalization of priorities was not—by any means—an easy task. The governor explained in his executive budget that many governmental activities were of nearly equal importance relative to purchase strategies and statewide goals. He clearly stated that even though one activity was ranked “one space or even a few spaces below another activity, it was not correct to assume that the activity to be of lesser value or importance than those a few above it.”³¹ The governor did point out, however, that activities ranked in the upper 15% to 20% of a goal area were clearly of the greatest significance and that those at or near the bottom of the rung were “perhaps not as valuable.”³²

Further, during Step # 6, the distribution of resources—available funds and FTEs—were spread, based on historical spending patterns and the governor’s preferences, across the eight goal areas. This was done, of course, only after constitutional and statutory mandated expenditures were met (e.g., debt service, aid to subdivisions, and property tax relief). After this spread among the goal areas, the governor then began—using the information and data from the RT preliminary purchase plans, along with other research and materials—to purchase activities of the highest priority until the funds allocated to the specific goal areas were exhausted. The result was that those governmental activities that were of the greatest importance, or moderately so, to respective goal areas were funded. Those activities that fell below the “spending line” were not funded. (See Figure 7.)

Figure 8—The “Spending Line”



Source: Office of the Governor. (2005, January 5). *The FY 2005-06 executive budget*. Columbia, SC: Author, p. 31.

Finally, some concluding observations about Step # 6 as noted by the governor and his executive staff. As based on zero-base budgeting precepts, the governor evaluated new activities on equal grounds as old or existing activities. The evaluation of a governmental activity was based again on purchase strategies as related to the achievement of statewide goals. As the governor put it, “Purchasing was done on the basis of anticipated outcomes rather than historical precedent.”³³ Additionally, once all ranking and the spending (“purchasing”) of resources were completed, the governor and his staff revisited the entire purchase plan to ensure that all cost-efficiencies were maximized. The governor further stated in his closing remarks on the final step of the new budget process:

During this process, there were some activities that fell below the purchase line that gave us pause. However, given the priority ranking, the question that we had to ask ourselves was what activity above the purchasing line we would not purchase so that we could switch it with an activity below the line. This process, while difficult and tedious at times, helped us to prioritize our spending in a world of finite resources. The resulting budget recommendations represent this new focus on maximizing results for the citizens of South Carolina.³⁴

Conclusion

The first year of Governor Sanford’s Budgeting for Results proved to be successful and was well-received by the legislature, the media, and the public. Indeed, it was a landmark innovation in budgeting and was praised for its logic, execution, and positive outcomes.

The BFR effort was for the governor, and as well for experts and observers alike, “a shift in paradigms.”³⁵ The outdated traditional budgeting approaches of concentrating on apportioning new monies only, the concentrating on inputs alone, and the continuing “bureaucracy-driven emphasis simply on self-preservation”³⁶ were, like the French philosopher Rene Descartes said, “like dolls turned on their heads.”³⁷ No longer was the governor wedded to past budget decisions, ones that remain unexamined year after year. Additionally, no longer was there emphasis on merely cuts, but rather “keeps.” On the whole, the Budgeting for Results process was an excellent step forward and, by all accounts, holds even greater potential for the future.

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¹ Retrieved April 14, 2005 from <http://www.wistv.com/Global/story.asp?S=2755780&nav=0raMUq4b>.

² Editorial. (2005, January 7). Sanford offers legislature an impressive budget plan. *The Post and Courier*. Charleston, SC. Retrieved January 7, 2005 from <http://preview.charleston.net/stories/?newsID=6051§ion=opinion>.

³ Office of the Governor. (2005, January 5). *The FY 2005-06 executive budget*. Columbia, SC: Author, p. 21.

⁴ Ibid.

⁵ Young, R. (1999). *A brief guide to state government in South Carolina*. Columbia, SC: Institute for Public Service and Policy Research, University of South Carolina, p. 66.

⁶ Ibid.

⁷ See Washington State’s “Priorities of Government” (POG) budget process homepage at <http://www.ofm.wa.gov/budget/pog/default.htm>.

⁸ Op. cit., Office of the Governor, p. 22.

⁹ Walldorf, C. and Pierce, J. (2004, August 13). Result teams orientation. Oral presentations. Columbia, SC: Authors.

¹⁰ In those cases where overlap occurred, or activities were related to more than one goal area, this was accounted for in the final purchase plan.

¹¹ See <http://www.mapcommission.sc.gov/pdf/updated%20Final%20Map%20Report.pdf>.

¹² Op. cit., Office of the Governor, p. 24.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Sanford, M. (2004, June 17). Letter to agency heads. Columbia, SC: Author. [Excerpt.] “In order to accomplish this initiative, I am asking each agency to break down its FY 2004-05 appropriations into discrete and definitive activities.”

¹⁶ Office of State Budget. (2004, June 17). *An instructional guide for developing agency activity inventory database*. Columbia: SC: OSB, S.C. Budget and Control Board, pp. 1-5.

¹⁷ Ibid.

¹⁸ Budget analysts from the Senate Finance Committee and the House Ways and Means Committee.

¹⁹ Op. cit., Office of the Governor, p. 25.

²⁰ Ibid., p. 26.

²¹ Ibid., pp. 26-27.

²² Ibid., p. 27.

²³ Ibid.

²⁴ Ibid.

²⁵ Ibid.

²⁶ Ibid., p. 28.

²⁷ Results team members were asked to rank each of the activities under each strategy using the following scale: 3 = activity is critical and is the best and/or most effective way to accomplish the strategy; 2 = activity is important to accomplishing the strategy; and, 1 = activity, while it may be important in and of itself, is not vital or perhaps the best way to accomplish this strategy. This ranking process was carried out by the RT leader sending each RT member a form that included the activities listed under each strategy. Each member was asked to rank the activities using this scale and to return their rankings to the team leader by a set date. The team leader then tallied the results and produced a document that included the activities in rank order under each strategy, to be returned to the Office of the Governor by a deadline date. The tally, before put in rank order, for example might have appeared as such:

Strategy: Reduce Employee Turnover

<u>Activities</u>	<u>Results Team Member Rankings</u>	<u>Mean Ranking</u>
a.	3,2,1,3,3,3,2	2.43
b.	1,1,2,1,2,2,1	1.43
c.	3,3,3,3,3,3,3	3.00
d.	2,2,3,1,2,2,3	2.14

and so forth.

²⁸ “Other” funds include special fees, fines, levies, etc. that go directly to state agencies.

²⁹ Op. cit., Office of the Governor, p. 28.

³⁰ Ibid.

³¹ Ibid., p. 30.

³² Ibid.

³³ Ibid., p. 31.

³⁴ Ibid.

³⁵ Ibid., p. 32.

³⁶ Ibid.

³⁷ Descartes, R. (1701). *Rules for the direction of the mind*. Quotation. Available on-line at <http://www.literature.org/authors/descartes-rene/reason-discourse/>.