

Sunnyvale's 'Results-Oriented' Budget Innovations Win National Praise

■ **Silicon Valley:** The city's system of promoting and rewarding employee performance is seen by many as a model for U.S.

By JOHN ENDERS
ASSOCIATED PRESS

SUNNYVALE, Calif.—This little city in the heart of Silicon Valley is running its affairs more like a business than a government—and it's getting national attention as a result.

When President Clinton signed into law the Government Performance and Results Act recently, he and other officials cited Sunnyvale as a model for the kind of "results-oriented" budgeting practices included in the new law.

In a nation increasingly strapped by cutbacks in both budgets and service levels, Sunnyvale's system of promoting and rewarding employee performance is seen by many as a shining success.

"It is truly an exceptional community, in citizens' satisfaction and the amount it spends for city services," said John Mercer, minority counsel for the Senate Governmental Affairs Committee and a former Sunnyvale mayor and council member who has promoted performance-based budgeting in Washington.

The new federal law—passed unanimously by Congress last spring—will implement some of Sunnyvale's ideas on a pilot basis in 10 still-to-be-selected federal agencies over the next three years. If successful, it will be extended to the entire federal bureaucracy.

The concept was heralded in a year-old book by Clinton friend David Osborne, "Reinventing Government," and has reportedly been taken to heart by the President.

The basic idea is simple. Instead



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demonstrating how he makes the change from police patrolman to a firefighter, public safety officer Scott Prange, right, dons firefighter's

gear that he keeps in the trunk of his patrol car. To minimize staffing costs, Sunnyvale police officers and firefighters rotate their jobs.

of budgeting based on how much

figure out how much it will cost. In Sunnyvale, that translates into measurable goals for street sweepers, police, firefighters and other important services.

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Sunnyvale sweeps its residential streets every two weeks; its commercial streets every week. Library users are guaranteed they will find the book they are looking

for a certain percentage of the time. Policies on emergency fire response dictate that fire calls are responded to within five minutes 90% of the time.

If department managers exceed the level of service, they get a year-end bonus. If they fall short, so does their pay.

"This is fundamentally changing the way government does its business, and changing the motivations," said Larry Stone, a City Council member who was an early proponent of the system, which was adopted in steps during the late 1970s.

Sunnyvale also budgets 10 years at a time, has 35% to 40% fewer staff members per department than comparable cities, has one of the lowest business tax rates in the state and is free of any bonded debt.

It also has a unique Department of Public Safety in which police officers alternate as firemen and vice versa, minimizing staffing costs and improving response times for both police and fire calls.

"It's like having two whole different careers," said Officer Scott Prange.

The budget system has "dramatically reduced the cost of service per unit and increased the quality of service in measurable ways," said Tom Lewcock, Sunnyvale's current city manager and the head of the 1970s team that implemented the system.

"If you reward innovation and achievement, people will innovate and achieve. If you reward spending, they will spend," Stone said.

But not all officials are sure Sunnyvale's system can be easily transferred onto a massive federal bureaucracy.

"Some managers have a high degree of uncomfortableness with being held accountable," Lewcock said.

Not only that, he said, but the whole system takes a long time to take root and to overcome traditional "tax-and-spend" attitudes.

"Anyone who looks at this and says it's a panacea and it works its magic overnight is nuts," he said.