INTRODUCTION

In 2009, confronted with the most significant economic contraction since the Great Depression, many municipalities faced declining revenues and the need to maintain or increase services. The Great Recession forced cities, whether they had already experienced fiscal stress or in anticipation of difficult fiscal conditions, to look at the costs associated with providing city services and whether they would have the revenue to continue to support service delivery. Several pieces of scholarship (Ammons and Fleck 2010; Ammons, Smith and Stenberg 2012; Hoene and Pagano 2010; Martin, Levey, and Cawley 2012; Nelson 2012; Perlman and Benton 2012) have analyzed municipal reactions to the Great Recession. The general trend among city governments was to begin with small, obvious, and palatable changes that included hiring/pay freezes, delaying capital expenditures and growing revenue through increases in fees or the transfer of funds from rainy day accounts as opposed to tax hikes. The decision to start with basic moves and attempt to weather the financial storm makes sense because of the incremental nature of most budget processes and the bounded rationality that decision makers operate from within (Nelson 2012).
This work picks up on this subject and looks at the unique case of the City of Sachse, Texas who, in the wake of the Great Recession, sought assistance from faculty and staff from a local university in gaining an assessment on their services. The result was the creation of an analytical model for comparing the number of Sachse’s city services to several other cities. The importance of this project, for both practitioners and academics, are in the observations from the researcher’s experiences working with the city and their implications for academic involvement in municipal decision-making.

MUNICIPAL BUDGETS, THE GREAT RECESSION, AND BOUNDED RATIONALITY

For public organizations, the central purpose of a budget is to authorize spending for different departments and, in turn, limit the amount of spending that can be undertaken (Anessi-Pessina, Sicilia, and Steccolini 2012). Literature on this subject tends to focus on the annual budget process (Fenno 1966; Lu and Facer 2004; Rubin 1990, 2000; Wildavsky 1964), although there has been some diversification including recent work that has emphasized the importance of rebudgeting that can occur during the fiscal year (Anessi-Pessina, Sicilia, and Steccolini 2012). When budgeting, governments must assess their fiscal condition, which is their capacity to meet financial and service obligations (Jimenez 2009). The potential for a decline in fiscal capacity induces fiscal stress which can then endanger the ability of governments to meet their financial and service commitments (Jimenez 2009). In the context of municipalities, fiscal stress can occur for a variety of reasons (e.g., economic shocks leading to loss of revenues or structural budget imbalances), but the severity and duration of the Great Recession presented a unique challenge for city councils, mayors, and managers attempting to balance service provision with tight fiscal conditions.

The bursting of the housing bubble and the ensuing banking crisis triggered the worst American recession in a generation. The recession had a significant effect on local governments who saw varying degrees of revenue reductions from losses in property taxes due to declining property values,
decreases or elimination of state and federal aid, and lower sales tax revenue from drops in consumer spending. For many municipalities, the reduction in revenue led to concerns about fiscal stress as cities grappled with trying to meet their financial obligations and the demands of their citizens for services (Ammons, Smith, and Stenberg 2012; Hoene and Pagano 2010; Martin, Levey, and Cawley 2012; Nelson 2012). A survey of almost 600 county and city administrators conducted by the State and Local Government Review (reported in Perlman and Benton 2012) showed that clear majorities of city officials believed their budgets and budget deficits were a serious concern in the aftermath of the recession. Some researchers have indicated that the Great Recession marks an irreversible change in local governments who have entered a period referred to as the ‘new normal’ where they must contend with less resources, smaller workforces and new ways of delivering services (Martin, Levey, and Cawley 2012). Other scholars have argued that the historical pattern of local government responses to fiscal crises shows that cities will not drastically alter their structure or service delivery in reaction to the fiscal stress of the Great Recession, but will make pragmatic decisions about how to operate (Ammons, Smith, and Stenberg 2012). In either case, cities that experienced immediate drops in funding or wanted to plan for when the recession significantly impacted their fiscal status had to take a hard look at how they generated revenue, what services they offered and how they deliver those services to citizens.

American municipalities have handled the strain on their budgets from the Great Recession by mainly opting for the options that are obvious and the most feasible to implement without dramatic alterations to government services (Perlman and Benton 2012). Rather than relying on tax increases, many municipalities have focused on budget cuts/restructuring, tapping rainy day funds and/or increasing fees for services (Nelson 2012; Perlman and Benton 2012; Scorsone and Plerhoples 2010). Cities looked for ways to reduce personnel expenses (through freezes on pay raises or new hiring) or delayed/cancelled capital expenditures as common ways of reducing costs (Hoene and Pagano 2010) but tended to avoid furloughs, encouragement of early retirement or drastic changes to employee benefits plans.
When cities did reduce services, they were unlikely to cut public safety programs and instead opted to cut public works, parks and recreation as well as libraries (Nelson 2012; Skidmore and Scorsone 2011). While many cities went through a lengthy period where they sorted through what services they had to offer, what they could stop providing, and how services could be delivered in a different manner (Brock 2009; Martin, Levely, and Cawley 2012; Perlman 2011) this review did not lead to a drastic alteration in how municipalities operate. Instead, governments looked to shift revenue, cut expenses in obvious places and tighten their collective belts rather than transform their organizations (Ammons, Smith, and Stenberg 2012; Perlman and Benton 2012). One explanation for why most cities focused on a nip and tuck approach to dealing fiscal stress is that officials operate with bounded rationality where they made strategic choices in an effort to balance limited information, dwindling resources and different pressures from inside and outside the organization.

As Nobel Laureate Herbert Simon argued, human beings do not make purely rational decisions because of limitations on time and information which means that almost all decision-making results in people making a choice that is the most satisfactory, and not the optimal one, which results in small changes that are thought to be acceptable (Simon 1955; Simon 1957). In the context of government decision-making, restrictions on the rationality of decision-makers include, but are not limited to: the political process/environment, complexity of decision to be made, limited resources, and interest group influence (Nelson 2012). Bounded rationality has been utilized to look at budget decisions at the federal level (Wildavsky 1964) and for municipalities (Lewis 1984). Nelson (2012) utilized bounded rationality as a means for understanding and explaining how cities made budget decisions under the fiscal stress causes by the Great Recession.

According to bounded rationality, as a fiscal crisis unfolds, cities will look to a number of incremental approaches (i.e. deferring maintenance, hiring freezes, and delaying capital improvements) until the full extent of the crisis reveals itself. When the crisis cannot be resolved in a single budget cycle, then
the lack of resources, limited information and increased pressure from stakeholders will produce greater levels of variation in the responses of municipalities (Nelson 2012). Aside from the history and characteristics that make each city unique, the form of government will impact the decision-making (Feiock and Kim 2001; Feiock, Jeong, and Kim 2003) with council-manager forms of government being able to make more strategic decisions since they do not face the electoral pressure that a mayor does. Also, the skills and expertise of the city manager will have a significant impact (Morgan and Pammer 1988) with a more competent manager being able to insulate the decision-making process. However, as a declining economy increases fiscal stress on a government, they will have less time and money to invest in sophisticated techniques to help guide and support the decision-making process (Levine 1978) which limits the ability of managers and their staff to make the optimal decision. By using bounded rationality as a guide we can expect the start of a city’s fiscal stress to trigger smaller incremental cuts that pose a minimal risk to officials, but as the crisis worsens then municipalities will take divergent approaches depending on their unique background (economic, cultural, and political) as well as the limited amount of time/information they have to decide on those approaches (Nelson 2012).

There have been several large scale studies of municipal actions in response to the fiscal stress created by the Great Recession (Ammons and Fleck 2010; Ammons, Smith and Stenberg 2012; Hoene and Pagano 2010; Martin, Levey, and Cawley 2012; Nelson 2012; Perlman and Benton 2012). As a general pattern, cities began the recession with strategic responses that made smaller changes to preserve service levels but as the recession continued municipalities diversified their approaches based upon the unique conditions of their respective communities. Most cities began with hiring freezes, deferring capital expenditures and increases in services fees but then moved into more significant changes such as tax increases or service cuts depending on what the conditions of their community would allow. This pattern is indicative of the bounded rationality that city government’s decision-makers operate with and utilized when dealing with budget pressure as a
result of the Great Recession. For an illumination of how city officials made decisions regarding their operations and service delivery during this period of prolonged fiscal stress, we turn to the unique case of the City of Sachse, Texas whose effort to improve the information they had for their decision-making reveals a host of lessons for academics and practitioners about the difficulties of making budget decisions.

THE SACHSE PROBLEM

The City of Sachse, Texas is a suburb of about 20,000 people located northeast of downtown Dallas. Sachse is just under ten square miles in size, surrounded by other municipalities on all sides, and governed by a council-manager form of government. As the city manager in 2009 described it, Sachse is a typical small city government with a dedicated and qualified staff but lacking individuals with advanced technical expertise in program and service evaluation. The decision-making process relating to city services was not data driven and Sachse had not made an effort to acquire benchmarking data on best practices for individual services to make comparisons on the quality or cost of their own level of service delivery. The primary method of decision-making in what services to offer had been driven by competition with other cities in the Dallas-Fort Worth area to retain current citizens and incentivize people to move to the area by providing services on par with other (often larger) municipalities. In 2011, the city had a median household income of $84,825, meaning they have a fairly affluent group of citizens who have lived and wish to continue to live in municipalities that provide a great number of services. The financial stress causes by the Great Recession drove the City of Sachse to recognize that they had to examine what services they were providing in an effort to reduce costs in line with expected declines in revenue and to hopefully avert a tax increase. In 2009, then city manager Allen Barnes approached a colleague at the University of Texas at Dallas for information on how to compare the number of services the City of Sachse was offering to the number of services several other cities were offering. The result was an analytical model for generating and comparing the
number of city services Sachse offered with several other municipalities as a way of making decision about what services Sachse should cut or reduce and what Sachse could retain or expand.

In developing the model, the researchers focused on establishing criteria for cities to determine if they are comparable to one another, including: geography, climate, size, population, form of government and political culture. However, the City of Sachse insisted the researchers utilize a list of cities that they had generated. This list (Table 1.1) was created by the city council of Sachse as well as the city staff and did not employ any recognizable methodology in the selection process leading to some questionable selection of cities for comparison. For example, there were other municipalities that the researchers would have used instead of Oxford, Mississippi and Bozeman, Montana because Oxford and Bozeman were significantly dissimilar from Sachse.

Because of the limitations of the existing personnel, Sachse was not interested in the cost of a particular service in relation to other municipalities, the intensity of the services offered (for example, one park versus several parks), or how their performance and workload data compared with other cities or best practices. Sachse simply wanted a base line reading of the number of services they offered in relation to the cities they wished to be compared so they could get an idea on if they should expand, reduce or reallocate their services in the wake of the Great Recession. The researchers worked with the city of Sachse’s wishes and developed an analytical model to assist them in their decision-making process.

The full report, presented to the then city manager of Sachse, contained a complete profile of each city including: population, type of city, ethnicity, geographic location parameters, socio-economic data, terrain of the city, density per square mile, total square miles and number of employees at the city. The data was gathered from geospatial information and 2009 U.S. Census estimates. City services were broken down into several categories to encapsulate the breadth of services offered by the selected cities. City service data was gathered primarily though archival methodologies using the cities’
websites for city services or other city attributes. In some cases, cities were contacted if certain services were not listed or were unknown and the accuracy of the data collected is only as good as the original sources (i.e. websites and city officials).

Table 1.1 provides an overview of the cities in the study and how they compare in terms of services offered, city type/population and their respective budgets. A surprising finding is that the city of Sachse, despite being in the lower third for both population and budget size, offers the most services of any city in the study. Sachse compared favorably in terms of budget dollar per capita especially considering that the city offers a wide range of services in comparison to every other surveyed city. Sachse also compared favorably to other cities in the study in terms of staff per capita. One recommendation made to the city was to maintain or decrease the number of staff per capita.
capita as long as the city could maintain what it felt was a satisfactory level of performance.

What might be the most interesting point from Table 1.1, is that the city of Sachse wished to compare itself to cities that they were not similar to at all. The ‘type of city’ category are rough descriptions of the cities for the benefit of readers unfamiliar with Texas, but combined with the population and adopted general fund budget categories Table 1.1 shows Sachse is one of the smaller communities with a general fund budget at the very bottom of the list. This points to a major problems with the city of Sachse’s decision-making in selecting the cities for comparison. Several of the cities should not have been included because the difference in size and budget makes them incomparable. But, Sachse was offering a higher number of services to its citizens than any city close to its size. Sachse had been offering services to its citizens to keep pace with larger municipalities in the area (e.g. Plano and Richardson) and had outpaced every other city in the survey. Remarkably, they had managed to offer these services on a relatively small budget for a city of its size and population.

As can be seen in the data, the City of Sachse provided a high volume of city services when compared to the other cities in the survey. Given the size of Sachse in relation to other more established cities, offering this many services begged questions about why Sachse was being the sole provider of these individual services (as opposed to cooperating with neighboring municipalities) as well as the quality of the services Sachse was offering. Compared to other cities that are larger and more established, Sachse appeared to have too few resources to offer all of the services they were providing and the research team recommended Sachse halt new service development, re-evaluate which city services should be expanded and which can be dropped, privatized or provided in conjunction with another city. Financial resources could then be salvaged and invested into high-demand or high-need services to bolster quality. The report also recommended that Sachse should strive to incorporate benchmarking based off of best practices into the city’s standard budget development process with the benchmarking data made available to elected officials and citizens. This level of
transparency would enhance the credibility of the annual budget process by keeping elected officials and the community involved in its development, review, adoption and implementation.

The final report from the research team was provided to the city manager of Sachse who then presented the findings to the city council. The data from this research caused the city manager and the elected officials to re-evaluate how their resources were allocated and enabled negotiations for new resources for the city to proceed. Prior to the Great Recession, city officials had internal performance data and workload indicators but their decision-making (especially in expanding the number of services the city offered) was driven by a desire to compete with other regional municipalities. When the Great Recession happened, the city had no idea how many services they offering in relation to other similar sized cities, how the services they offered compared to the performance and workload of other cities, but since they were able to afford the services they offered they did not have a reason to make any changes. In recognizing the fiscal stress that the Great Recession would put on the city, Sachse looked to expand the amount of information they possessed for their decision-making process to evaluate which services to retain and what could be cut. Given the limitations on the time, resources and expertise of the staff, Sachse consulted outside researchers to help and while this research did not address all of the issues with Sachse’s decision-making, it was certainly net beneficial over the status quo where no data for comparing the number of services to other cities was available.

The results of the research influenced the City of Sachse’s decisions about its personnel, what services to offer and how to minimize program costs. In following the trend set by many other cities that could be expected from their decision-making being guided by bounded rationality, Sachse looked for the obvious and simple solutions to improve their fiscal condition. Sachse limited the new hiring of employees for the likely future unless the city’s population rose and put pressure on service delivery that forced new hiring. However, the exception to this hiring freeze was that elected officials and the city staff agreed that there would be a serious attempt to budget three
firefighters and a police officer every year for the foreseeable future. This decision was in direct response to benchmark data that Sachse had fewer personnel in their fire and police departments than in selected benchmarked cities with lower service levels. This finding should be hardly surprising, even in light of what the research on bounded rationality tells us about municipal responses to the Great Recession, because public safety services are a high priority for communities and the low number of police and firefighters create a unique set of local conditions that could spur new hiring in one area even with a hiring freeze for most city employees.

In an effort to rein in spending, the city looked at a variety of ways to save money on services, mostly focusing on cooperating with other municipalities in the area. For example, the City of Sachse used the data to find new ways to collaborate with other organizations in cost saving measures. Sachse is currently saving 25% on maintenance costs for firefighting vehicles by servicing their vehicles at the same time as neighboring cities. Collaborating with another organization on a highway construction project dropped the cost of the project significantly below the projected $10 million estimate.

The City of Sachse did take one step that was more aggressive than the trends identified in the literature on municipal responses to the Great Recession. The city manager of Sachse utilized the research to convince elected officials to pass a zero-based budget in order to force a yearly evaluation of which services and be able to make more significant changes to a budget over-loaded with services. While some of the literature reviewing municipal changes in the aftermath of the Great Recession showed that major changes were unlikely, the City of Sachse made a significant alteration to their budget process in order to better handle the number of services they provided. However, since passing a zero-based budget, Sachse has not significantly reduced the number of services they offer.

In bucking the trend that was seen in many communities, Sachse paid for increases in the number of police and firefighters while maintaining the same number of city services through transfers from rainy day fund and raising taxes. To lessen the blow of a property tax rate increase in 2009, the city used money
from a retail concentration fund (one of the few in the state of Texas), and general fund reserves (Leszcynski 2009). Then in 2010, the city utilized bond money that had been approved for several projects which had reached completion to maintain but not further increase the tax rate (Leszcynski 2010). With rainy day accounts and other transfer funds unavailable, the City of Sachse was again forced to raise the property tax rate in 2011, but kept the level of services constant opting instead to deny funding increases for any service (Rainey 2011). What is surprising about this finding is that while many municipalities tried to increase revenue and utilized rainy day funds, only about one-third of those surveyed by State and Local Government Review (Perlman and Benton 2012) indicated that they raised taxes.

In short, the results of the research supported Sachse’s effort to improve their level of information for their decision-making over what they had in the status quo. The city made many minor cuts to services and sought ways to lower costs through cooperative agreements with neighboring cities in line with how many other municipalities across the country tightened their collective belts given the fiscal stress they were experiencing. Sachse also increased their tax level and instituted a new method of budgeting to better support existing services and potentially decrease the number of services offered. But, the research and ensuing discussion among the city manager and council did not wield a transformation in how the city assesses their services. Sachse has not made an effort to get more information on cost and performance of services for cities they wished to be compared to, or from cities that are more like them and no effort to acquire benchmarking data on best practices for the services they offer. A variety of reasons account for this including: lack of expertise, unwillingness on part of city council/staff, difficulty accessing the data from other cities and best practice benchmarks, and the fear that data will force service cuts to services that the Sachse feels it needs to offer to stay competitive with neighboring municipalities. This is somewhat surprising considering that then city manager Allen Barnes stated that the budget that resulted from the research project “was the most accurate budget that I have ever had” and
while he was skeptical of the research initially, he found the data incredibly useful versus what the city had utilized in previous years.

**OBSERVATIONS BASED ON THE CASE STUDY**

1.) *The Model Presented Here Can Be A Worthwhile Part Of City Service Assessment But Needs Refinement*

   The analytical model created for this study, while lacking in methodological sophistication, is a useful tool that cities may utilize in order to gain perspective on the individual services their city offers in comparison to others. The information from the model is one piece of the puzzle that should be used in conjunction with cost and performance data from other cities as well as best practice benchmarking data. There are a couple of ways in which the model presented here could be improved upon in future research. First, the city selection process needs to be strengthened and cities need to be similar enough that comparisons are valid. A host of factors play into this such as budget, population, and types of government as well as geographic location, climate and political culture to name a few. All of these variables need to be integrated and balanced so that the researchers are making comparisons among governments that are alike.

   Secondly, the breadth and depth of the service offered would be useful information in order to assess if the service provided by one city matches another. For example, both Sachse and Plano offer public parks, but Plano operates multiple parks across a large city whereas Sachse does not. Also, the model presented here does not account for the differences within the services provided (e.g. parks with playgrounds versus parks that are simply open spaces). Looking at the breadth and depth of each service would improve the information provided by the model. Given the city of Sachse’s request, the research team created a practical but rudimentary tool that was comparatively advantageous to the city of Sachse’s practices prior to the project. This should not prevent further exploration of the model as a simple tool for being part of an assessment of city services. In the case of Sachse, the tool was very useful in assisting their
budget decision-making process, but this may not be the case with other municipalities without further testing.

2.) There Is A Need To Increase Both Academic Engagement With Practitioners And Research On Town And Gown Relations

In times of fiscal stress, cities should take advantage of universities in the area to improve the expertise and information they have to make decisions. Regardless of the fiscal conditions, city officials will operate with significant constraints (e.g. time, complexity of decisions, political pressure) on their decision-making capabilities, but during periods of fiscal stress, especially prolonged ones, these pressures will become more pronounced. Reaching out to universities with public administration or public affairs programs for advice on budget decision-making, research on best practices, and workable solutions can help ameliorate harsh fiscal conditions from the supply side of the equation. More than likely it will be smaller cities, like Sachse, that will need assistance because their existing staff lack the necessary expertise and face constraints that limit the amount of time and resources they can invest to improve their decision-making in a short period of time needed to react to changing economic conditions. While services may be provided at minimal or no cost, the experience in coordinating with local cities can benefit university members as much as it helps improve the information that cities have. One useful area of research would be a survey or interviews with city officials on whether or not they reached out to universities for advice or assistance in handling the budget decisions during the Great Recession, why they did or did not seek assistance, and what barriers they see to such cooperation in the future. A similar line of research could be conducted with public administration and public affairs faculty on if they approached or were approached city officials, what kind of advice they offered and how their recommendations were received/implemented.

While the Great Recession may be over, that does not mean that academics should not attempt to be engaged with local governments in their area, and describe the experiences they have with other researchers in the field. Even without the fiscal
stress of the Great Recession, we live in a time characterized by James M. Banovetz, as the era of “government is excessive”, when citizens attitudes toward government are now a synthesis of high expectations for services and strong convictions that the scale and cost of government activity must substantially reduced. (Banovetz, 1971). Whether there is economic contraction in the near term or just continued pressure to deliver the same services but in a more efficient manner and with less resources, city governments will have to make hard choices about what services to provide and the best means to deliver them. Data for assessing city services and the expertise to employ different forms of cost and performance analysis will be critical in meeting this challenge. Since there are no real national efforts to do comparable benchmarking of city services in the United States it is incumbent on cities, like Sachse, to develop and employ ad hoc analysis to ensure elected officials and citizens that they are providing competitive services at the lowest cost and at the highest levels of efficiency and effectiveness. With many cities having already trimmed as much of their budgets as possible without making substantial changes, one of the best means for gaining an impartial perspective for future changes which may be more drastic is to utilize research from faculty and staff at local universities.

3.) Researchers Need To Be Cautious But Also Unafraid To Offer Suggestions When Working With Municipalities

Researchers need to be wary that the research they wish to perform may not be what the city wants. One of the biggest and most glaring weaknesses of this study are the limitations that the City of Sachse placed on the researchers. Sachse had little interest in multiple forms of data or more sophisticated tools for analysis of their city services. Sachse wanted a basic measure of the number of services they offered compared to what other cities provided. Sachse had their own list of cities they wished to be compared to and that list was composed without any methodological considerations. As the discussion on bounded rationality indicated, decision-makers have a limited amount of time and expertise which will impact the type of choices they make. In the case of Sachse, the additional pressure of
competition with neighboring cities affected not only how the city would respond to the Great Recession but also the type of analytical tools they would employ to assess their own city services.

The research team had the option of saying no to Sachse, but given the lack of data in the status quo, any information for comparison was more useful than none. Researchers need to be cautious when they enter into projects as they may not be able to maintain control over the parameters of the project or how the information is utilized to make decisions about city services. One potential idea for researchers interested in collaboration with cities who have particular requests that impact the methodology of the research is to comply with the request but also do analysis based on more rigorous principles. Researchers can then present both sets of information and if the city chooses not to utilize the research that is more methodologically sound, then the researchers have made a reasonable effort and can utilize the that research in other projects or publications.

On a related note, researchers should not be afraid to push cities to adopt and utilize more advanced tools for service delivery. How this will work out is often dependent on the relationship of the researcher(s) to city officials, the level of institutional support (from the university and the city), and what the city can be persuaded to utilize. Even if the city has specific requests, part of the role of researchers in this capacity should be to raise awareness of more sophisticated tools and argue for their incorporation into the decision-making process. One critical problem to bear in mind, especially before making suggestions on models or methods for cities to utilize to assess services, is that performance and workload data can be very difficult to acquire. In this study, few of the cities that were identified for comparison had this data available, and while it would have been possible to assess the cost of services based on the detail in the city’s annual budgets, determining the quality of the services would have been nearly impossible without significant cooperation with all the cities.

When it comes to benchmarking against best practices, cities may lack the will to undertake such an evaluation for their own particular reasons. But perhaps more troubling, as David
Ammons has noted, “The desire to make external comparisons – or a lack of that desire- is not necessarily the issue; the time, resources, and other practical constraints may simply constitute too much of a hurdle, if a reservoir of relevant comparison information is not readily at hand” (Ammons 2012, 5). Although Ammons 2012 book, which provides a massive amount of data to help assess municipal performance, is certainly a step in the right direction, the field still needs to overcome the lack of access to city government performance and workload data. Benchmarking consortiums have been highly successful in generating this information in places like North Carolina (Ammons and Rivernbark 2008) and Florida (Boyer and Martin 2012), and could provide a framework for collaboration on getting cities to furnish all sorts of performance data and workload indicators. However, these projects tend to require a high level of cooperation, time and resources that may not be available in all areas of the country. Another solution to the data problem is for state and/or federal legislation requiring cities to publish their performance data. Such a requirement could also come as a condition of cities accepting state and federal aid, grants, or loans. Being a research team based in Texas, the authors have noticed that the issue is not municipalities gathering performance data and workload indicators but that such information is not made accessible beyond local government officials. Legislation or conditions on assistance would be a drastic step but may be the only way to ensure all city governments to make their data open to the public and to researchers.
4.) There Is A Need To Continue Research On Municipal Responses To The Great Recession As Well As Bounded Rationality

Municipal responses to the Great Recession have received significant coverage in academic literature and will continue to be a source for analysis even as many municipalities recover. However, one area that could use more focus is how the Great Recession changed municipal government’s methods for assessing their city services. While the data presented from the survey by State and Local Government Review (Perlman and Benton 2012), does an outstanding job of showing city official responses to the crisis, one area that is not discussed and should be included in future research is a focus on if and how cities changed the way they evaluated services while tightening their fiscal belts. Relevant questions include: did they seek performance data and workload indicators from other cities they want to compare themselves to, did they attempt to acquire best practice benchmarking data, did cities increase or decrease the level of citizen involvement in the decision-making process, was existing city data on performance and workload sufficient to make informed decisions about the city services and stave off fiscal stress? Given the discussion of bounded rationality that frames some of the discussion about municipal responses to the Great Recession (Perlman and Benton 2012; Nelson 2012), this line of inquiry would be very insightful.

While municipal responses to the Great Recession provide one example of how bounded rationality operates, future research should continue to push the envelope on how the limitations of decision-making limit the options for municipal officials. Bounded rationality provides both a means for understanding why certain decision get made as well as a way of predicting how/why decision-makers will respond to major events. Understanding how bounded rationality operates is also critical to deciphering the local conditions that lead to divergence from familiar patterns one would expect to see in decision-making. For example, in response to the Great Recession, many communities opted for minor adjustments in order to weather the fiscal storm unless the fiscal stress became
so pronounced that these adjustments were insufficient or factors unique to a municipality forced divergence from that pattern.

In the case of the City of Sachse, they essentially followed the trend that could be expected according to how city officials with bounded rationality would react to fiscal stress. Sachse utilized obvious and small reductions in expenses as well as the use of rainy day funds to cover service costs. However, as the recession continued Sachse took actions that were outside the trend of most cities by increasing taxes while maintaining service levels and making a transformational move by switching to zero-based budgeting. Yet, this divergence can be explained by knowledge of local conditions. Politically, the city is guided by a desire to compete with neighboring municipalities and a group of citizens that have become accustomed to the number of services the city offers, so Sachse was required to increase revenue more than reduce what they provided to their community. For future research, focusing what were the local conditions of cities that led to a divergence from the trend and caused them to raise taxes, transform their operations, or drastically cut services may be useful information to incorporate it findings on municipal reactions to the Great Recession.

CONCLUSION

The City of Sachse’s response to the Great Recession is a bit of an anomaly in comparison to the trends commonly identified in the research. Yet the experience of this research team provides useful observations for academics interested in research on decision-making or who wish to engage with city governments to help with city service assessment. City officials operate in a complicated environment where a variety of factors may prevent optimal decision-making. Providing mechanisms for assessing city services, forging cooperative relationships between universities and municipal governments, and continuing to refine our collective understanding of bounded rationality, particularly in times of extreme duress for local governments, are all ways in which academics can contribute to improving decision-making in municipal governments.
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