“Regulating Public Services: How Public Managers Respond to External Performance Assessment” by Heike Döring, James Downe, and Steve Martin assesses an externally imposed performance management system (PMS). I have never encountered an externally imposed PMS like the one imposed by the U.K. government, reflecting the difference between the United Kingdom and the United States. A local government in the United States is unlikely ever to be required to review all of its functions, as was mandated by the British Local Government Act in 1999. When another level of government audits or inspects a U.S. local government, the review is likely to be limited to a particular program or project funded by that level of government. However, the research reflected in Döring, Downe, and Martin’s article may indeed be useful to American federal and/or state government officials who seek to impose similar systems.

In the United States, external assessment of local government performance seems just as likely, or perhaps even more likely, to come from the private sector than the public sector. For example, Insurance Services Office, Inc., conducts two types of community assessments. The Public Protection Classification Program provides information about a community’s fire protection services to help insurance companies establish appropriate fire insurance premiums for residential and commercial properties. The Building Code Effectiveness Grading Schedule assesses the building codes in effect in a particular community and how the community enforces its building codes, with special emphasis on mitigation of losses from natural hazards.

Döring, Downe, and Martin’s data reveal that public managers construct their work in the context of externally imposed PMS by actively breaching boundaries between central and local government and by reordering relationships within the field of local government. The interview extracts and findings in the article indicate that the 1999 Local Government Act was successful in many respects. For example, local managers used the inspectors’ legitimacy as external agents to enact change. They also appropriated external assessments as “tools for improvement” within their organizations. If nothing else, the act made these managers and organizations internalize...
performance assessment. Other efforts that I am familiar with had little or no effect on organization performance and certainly were not internalized.

For example, in my home state of Michigan, state law allows the Michigan Department of Treasury to directly address local government performance issues only after the local unit shows signs of severe fiscal stress. The City of Detroit’s bankruptcy is the most high-profile example, but the Treasury Department has intervened in a dozen municipalities and five school districts in recent years.

Rather than rely solely on this reactive approach, the state developed an external assessment to encourage local government fiscal health and to develop a model to predict local fiscal distress before intervention becomes necessary. Treasury commissioned the development of a new “early warning” fiscal distress scale for Michigan localities in 2002, and the system was implemented when the lead author, Robert Kleine, became Michigan’s 43rd state treasurer in 2006. These “fiscal indicator scores” were calculated using public data and posted on Treasury’s website. While Michigan managers may have echoed the English sentiments about “a lack of trust in local government,” they did not internalize performance assessment as a result.

The state launched the Economic Vitality Incentive Program (EVIP) in 2011. It requires eligible local governments to fulfill specific requirements for each of three categories in order to receive statutory payments previously made by the state to the local government with few or no strings attached. While EVIP is not technically mandatory, the cost of noncompliance is too high for most eligible local governments to opt out.

While EVIP is far less comprehensive and intrusive than the Comprehensive Performance Assessments conducted by the Audit Commission, it was met with hostility from local government officials who viewed compliance as an unfunded mandate at a time when local governments were being forced to make difficult decisions and deep cuts. As a result, whatever behaviors the state was hoping to internalize are likely to cease if the law is changed or when the cost of compliance outweighs the benefits. Perhaps state policy makers can learn from the English before imposing similar systems.